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NEWS SUMMARY

GENERAL

Hospitals heads with doctors

...vid Ennals, Social Secretary, yesterday ...to junior hospital ...to abide by the pay ...d defer their demands ...oved holiday pay until

...g on the BBC's World ...k-end programme, Mr. ...eminded doctors that ...done better under the ...ey than most other

...accepting that doctors ...ard and should get their ...average pay and not ...ey when on leave, the ...t the real question ...her it could be done ...his year's pay policy.

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...smen set ...r poser

...oling has become so ...that officials of the ...Rifle Association, ...governing body, are ...how they can fit ...into the Queen's Prize ...on which opens on ...ay. Many additional ...rs have come from ...ith strong contingents ...ada, Australia and New ...and smaller numbers ...abia, Kenya, Barbados ...Falkland Islands. The ...includes a match ...he Lords and Commons.

...ure for ...retirement

...at 60 will be strongly ...the autumn Labour ...ference in Blackpool. ...resolutions, lead by ...onal Union of Mine... ...have been tabled.

...blown-up

...er HMS Brinton yes... ...xploded a German mine ...three-quarters of a ton ...es. It had been caught ...of a fishing vessel in ...Bay.

...home

...Horrocks, former act... ...High Commissioner ...who was expelled by ...Amin, returned to his ...me, Kent, home yes... ...later this year he will ...British Embassy in ...first secretary. ...enya row, Page 5

...arch

...the 1930s has become ...'s item. Dealers say ...looking for pre-war ...ntles with distinctive ...iderably with ink still

...Edrich and Close have ...ped from the England ...ch meets West Indies ...ley in the fourth Test ...ay. Page 33 ...ard Heath's Morning ...Class 1 in a week-end ...Cowes-Dinard race.

...1,000 demonstrators, ...them Greek Cypriots, ...hrough London in sup... ...United Cyprus.

...London, holder of ...Bond 13VN 195397 has ...50,000 prize.

...ng should be con... ...law, the Royal Society ...revention of Accidents

...Lucien van Impe, 29, ...2-stage Tour de France

BUSINESS

S. Africa reviews economic strategy

● SOUTH AFRICAN officials have begun a comprehensive review of balance of payments strategy as the weakening gold price accelerates the depletion of foreign reserves. Further devaluation of the rand has been ruled out, though other protective measures may be taken. Back Page

● THE URANIUM INSTITUTE, set up by 16 producers in London a year ago, has strengthened its defence against anti-trust investigations in the U.S. by recruiting the Central Electricity Generating Board, a consumer, as a full member. Page 4

● MALAYSIA'S third five-year-plan, launched to-day, sets an annual growth target of 8.5 per cent. Its secondary aim is to eradicate the poverty which ensnares every second citizen. Page 5

● STOCK EXCHANGE Council is likely to decide to canvass the willingness of firms to back a new market in traded share options when it considers the matter to-morrow. Back Page

● BSC ADMITTED it was unable to meet current demand for cold reduced steel and sections yesterday.

Modest money supply increase

● MONEY SUPPLY on the wider definition (M3) has increased at an annual rate of not much more than 10 per cent. during the past three months. This is in line with the official aim of keeping down expansion to help counter inflation. Back Page

● MR. WALTER JOHNSON, Labour MP for Derby South, is tabling a Commons question to Mr. Peter Shore, Environment Secretary, urging him to make clear that the Government will not allow building societies to raise their interest rates. Page 26

● PARIS MEETING of developing and industrialised nations failed at the week-end to agree on debt relief for the poorer countries and indexation of raw materials. Page 5

● HIGHLAND FABRICATORS has agreed to manufacture offshore oil columns under licence to the French company. Equipments Mécaniques et Hydrauliques, at its Nigg Bay yard north of Inverness. Page 4

● BRITISH CAR manufacturers will probably increase prices within a fortnight due to the higher cost of imported raw materials. Page 4

Unemployment record feared

● UNEMPLOYMENT figures published to-morrow are expected to show a further rise in the unadjusted total to a new post-war record as large numbers of school-leavers are registered. Page 4

● BRITISH LEYLAND has begun talks to persuade workers at the Albion plant at Scotstoun, Glasgow, to accept the ending of lorry production in order to make way for a £41m. investment programme which converts the plant into Leyland's biggest truck and bus component supplier. Page 4

● INSTITUTION of Professional Civil Servants is dissatisfied with the Civil Service Department's reluctance to apply the main findings of the 1972 Fulton Committee report. Page 10

COMPANIES

● ASSOCIATED NEWSPAPERS is well placed to maintain its level of earnings, says the chairman. The Daily Mail's larger contribution to profits represented a significant turn-about in the newspapers economic position. Page 26

● HAMBRO LIFE Assurance prospectus for its £10m. share offer is published to-day. Page 26 and Lex

Cabinet begins task of allocating £1bn. cuts to-day

BY PHILIP RAWSTONE AND PETER RIDDELL

The Cabinet begins a critical week for the Government's economic strategy to-day with the first of a series of meetings to allocate the £1bn. cuts in public expenditure next year against opposition from leading Ministers, trade unions and sections of the Labour Party.

Mr. Denis Healey's demands—designed to boost foreign confidence and switch resources into industry—were again supported by Mr. James Callaghan, the Prime Minister, at the week-end.

"The level of public spending over the past three years cannot *be sustained,*" he said flatly.

A determined rearguard action, however, will be led at to-day's Cabinet by Mr. Anthony Wedgwood Benn, Secretary for Energy, and Mr. Peter Shore, whose Environment Department is one of the main targets for economies.

Both Ministers argue, though with differing emphasis, that the Government is being forced into the Healey strategy by the expectations raised by the Chancellor's public statements.

Discussion of alternative policies has been pre-empted, they claim, and, with the sympathetic support of some other Ministers, they intend to fight to ensure at least that the cuts are made with a proper sense of Labour's social priorities.

Mr. Benn's alternative strategy—based mainly on selective import controls—will also be forcefully argued with the Chancellor later to-day when he meets the party's Home Policy Committee at the Treasury.

It seems unlikely that Mr. Benn, whose chairmanship of the Committee has already conflicted with his role as a Cabinet Minister, will attend the meeting.

Mrs. Barbara Castle, the former Social Services Secretary, would then lead the Left-wing argument that public spending cuts would have a disastrous effect on the economy and bring only minimal benefits to the public borrowing requirement.

Left-win resistance to the curbs has been strengthened by the initial reactions of the TUC economic committee.

Mr. Healey will face bitter criticism again to-morrow at a further meeting of the Parliamentary Labour Party at the Commons.

Resignations

Mr. Douglas Hoyle, MP for Nelson and Colne and a Tribune Group member, said yesterday: "The debate ought to be allowed to continue and it should not be a case of take it or leave it, with Treasury orthodoxy having the final say."

Ministers should be able to take an open and active part in the argument without putting their posts at risk, he said.

Although Mr. Callaghan was reported yesterday to be prepared for Ministerial resignations, he can be expected to go to great lengths to avoid such Cabinet disunity.

Any rebels would be assured of considerable party support—resolutions for the autumn Labour Party conference yesterday showed overwhelming opposition to public expenditure cuts.

A row is already in prospect for the Blackpool conference and the Prime Minister, especially with his precarious Commons majority, will be anxious to ensure that it does not become seriously damaging.

Strenuous efforts are also *likely to be made this week to* secure trade union compliance if not acceptance.

The TUC economic committee meets to-morrow to discuss the proposals and expects to have a further meeting with the Chancellor before any decisions are announced.

Mr. Healey would like to make his announcement to the Commons later this week, but the timetable will depend on the strength of resistance within the Cabinet and the Government's other obligatory consultations.

Apart from political constraints, Mr. Healey also faces the problem that expectations have been built up in the foreign exchange market of cuts of about £1bn. for 1977-78 and anything less will disappoint.

It is noticeable that during the last week there has been a slight shift in emphasis in the presentation of the case for cuts by both Mr. Healey and the Prime Minister. Instead of concentrating on the need for a switch of domestic resources to boost industry and exports, there has been rather more mention of the need to ensure foreign confidence in Britain and sterling.

Protests confuse start of Games

By Our Own Correspondent

MONTREAL, July 18.

THE FIRST DAY of competition at the Olympic Games had an uncertain start to-day, plagued by politics and confusion over how many teams had withdrawn, how many might come back and compete, or would still withdraw.

In the first events the most reliable count showed something over 20 African and Arab teams pulled out. Over 600 athletes were missing from the opening parade, but some countries which boycotted the parade, such as Egypt, said they regarded that as sufficient protest against New Zealand's sporting links with South Africa, and would now compete in the Games.

Odette Rizk, a liaison officer with the Egyptians, said the team would be in the preliminary rounds of the boxing competitions later to-day. The head of Egypt's delegation discussed withdrawal with the country's Prime Minister to-day.

In the case of Cameroon, which took part in the opening parade "out of friendship to Canada," the team announced its withdrawal, only to confuse already bewildered Olympic officials by entering its cycling team for the 100 km. trials.

Six countries which have definitely said they have withdrawn from the Games are Chad, Ghana, Ethiopia, the Congo, Nigeria and Zambia.

Not marching

Other teams not in the parade were Algeria, Central African Republic, Egypt, Ethiopia, Gambia, Iraq, Kenya, Libya, Mali, Uganda, the Sudan, Upper Volta, and Zaire. Also missing were Tanzania and Mauritius, which earlier said they would not send teams because of the New Zealand issue; and Taiwan, which was not allowed to march as "the Republic of China" after Canada objected.

African teams in the parade included Cameroon, Ivory Coast, Senegal and Swaziland. For the British hockey team the withdrawals meant an eleventh-hour call to Montreal in place of Kenya. The team had been on stand-by since it was first reported that Kenya intended to withdraw from the Games.

Olympics report Page 33

Crosland will seek fishing limit pledge

BY ROBIN REEVES BRUSSELS, July 18.

MR. ANTHONY CROSLAND, the Foreign Secretary, will press EEC member countries for a declaration of their intention to adopt 200-mile fishing limits—whatever the outcome of the UN Law of the Sea Conference—when the two-day Common Market Council of Ministers opens here to-morrow.

But though he is anxious for a firm EEC commitment on this issue Mr. Crosland will be fighting to avoid a declaration which concedes the principle of general Community jurisdiction over the waters involved and the energy and mineral resources beneath them.

Behind this lies the fear that Britain's agreement that EEC law is applicable to 200-mile national fishing zones could result in oil or gas discovered in U.K. waters being piped directly to other EEC member countries.

Other EEC members, led by the Dutch, have been insisting that a declaration must recognise that Community rights apply to the overall concept of an exclusive economic zone, embracing resources underneath, as well as on top of, the sea bed.

The Government is pressing for a firm commitment to move to 200 miles, unilaterally if necessary, because it fears fish stocks could be irreparably damaged by international fishing fleets, converging on the waters around Britain as they are forced out of other areas by 200-mile declarations.

Iceland has already adopted a 200-mile economic zone unilaterally—the cause of the cod war—and Norway has announced its intention to do so by the end of the year. Canada and the U.S. are also poised to move.

The British Government recognises that because of the Common Fisheries Policy the Community has clear competence in respect of fishing and that a unilateral declaration of a 200-mile limit by the U.K. alone would create far more problems than it solved. But it is nevertheless determined, at this stage anyway, to try to keep this competence limited strictly to fish.

A draft declaration of intent which appears to meet Mr. Crosland's needs in this respect was discussed last week by the Nine's permanent ambassadors to the Community.

British officials are reported to have been conducting a series of bilateral discussions in capitals of the Nine on this issue. But *there is no sign of a significant* reconciliation between U.K. and Irish demands for an exclusive national fishing zone of up to 50 miles offshore and the Commission's proposed maximum of 12 miles.

The Commission believes 12-mile exclusive fishing is the maximum compatible with the treaties of Rome and Accession. Politically it almost certainly represents a compromise. Other member states feel the Commission is being too generous to Britain and Ireland and stretching interpretation of the treaties too far.

Foreign Ministers are also due to take a fresh look at the problems raised by issuing a European passport and must complete preparations for the formal opening of Greece's EEC accession negotiations, set for July 27.

A regular two-day meeting of the Council of Agricultural Ministers of the Nine also opens here to-morrow. They are due to discuss the drought and give their first reactions to the Brussels Commission's package for dealing with EEC dairy surpluses.

Editorial Comment Page 12

Spain's reform programme brings hope—and bombs

BY ROGER MATTHEWS MADRID, July 18.

THE FORTIETH anniversary of the start of the Spanish Civil War was marked to-day by violence—nearly 20 bomb attacks in at least seven different cities. But there was also hope that the political programme announced by the new Government led by Señor Adolfo Suarez 36 hours ago would bring about the national reconciliation that it proposed.

The main opposition parties have greeted Señor Suarez's proposals with more overt interest than those of the previous Government, but with the proviso that only achievements can overcome their initial hostility at its appointment. Key points from the programme hammered out after a seven-hour cabinet meeting are the introduction of a more extensive political amnesty, a dialogue with the opposition, general elections before June 30 next year and the "conviction that sovereignty resides in the people."

The opposition is now looking for early proof that the Government has the strength and will to put flesh on its political programme. The first test will be the extension of the political amnesty, and should this fall short of expectations then the Government will have difficulty with the rest of its programme.

One of the problems here, according to semi-official sources, is the apparent reluctance of the four military Ministers in the cabinet to admit anything more than a mild liberalisation of the previous partial amnesty granted by King Juan Carlos soon after becoming head of state. One of the main reasons for the extreme length of last Friday's cabinet meeting was that quite sharp differences of opinion began to emerge between members.

On economic questions the Government issued vague generalities such as reducing inflation, getting the balance of payments back into surplus, and achieving conditions whereby a social pact might be achieved.

Madrid bore the brunt of the bomb attacks in the early hours of to-day. Police reported at least eight explosions. Two nightwatchmen were injured in the Ministry of Justice where two powerful bombs went off with an interval of 13 minutes. In the south of the city paramilitary Guardia Civil, alerted by the sound of blasts, shot dead a young man who failed to stop when challenged. It was later revealed that he had a criminal record, but was almost certainly not linked with the bombings.

Other buildings to have been damaged in Madrid were the HQ of the National Movement, the only political organisation permitted under General Franco, and the multi-storey central offices of the State-run trade union system. A regions building of the union was also hit, together with the Government car pool, the official car park at the back of the central security police headquarters and a bookshop. Several parked cars were also set on fire.

Bombs went off in Government buildings in Barcelona, Seville, Bilbao and Baracaldo, while a bank and a department store were also attacked in Seville and windows shattered in El Ferrol and Segovia where attempts were made to blow up statues. In the north-west town of Vigo yesterday five people were injured when a powerful bomb caused extensive damage to a local union building.

Police sources have revealed that most of the bombs were of relatively sophisticated design and many of them had considerable force. The fact that nearly all went off throughout the country between midnight and six a.m. suggested a high level of pre-planning. Many of the buildings attacked are always under tight police vigilance.

Kaldor may go soon

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

LORD KALDOR, the leading outside adviser to Chancellors of the Exchequer in both the present and last Labour Governments, is expected to leave the Treasury within the next few weeks.

The move is believed to have nothing to do with recent economics events since Lord Kaldor, who is now 68, has apparently been considering for some time whether to leave his post as Special Adviser to the Chancellor and there have been increasingly strong rumours in the Treasury that the time is not far off.

Lord Kaldor himself refused to comment on his possible departure yesterday, but said that "it might happen" and that if it did, it would be all quite amicable.

As Special Adviser both in 1964-68 and since 1974, Lord Kaldor's role has always been controversial. Although he has been rather less in the public eye in the last two years, the stock relief for companies announced by Mr. Healey in November 1974 owed a considerable amount, both in form and concept, to Lord Kaldor.

Some of his other proposals are believed to have had less wide appeal though right up to the present he is said to have been a fertile source of ideas.

During the 1964-68 period, he was involved with a series of major tax reforms, in particular as the prime architect of the selective employment tax.

Fears for AEI Scientific as Cambridge withdraws from bid

BY MARGARET REID

A CRISIS is building up over the future of GEC's troubled AEI Scientific instrument subsidiary following a decision by the State-backed Cambridge Instrument not to proceed with a take-over project at a cost of £3m.

Last Thursday, union representatives from the Manchester-based AEI Scientific, which employs some 500 people, travelled to London to appeal to Mr. Alan Williams, Minister of State for Industry, for help in finding a job-saving solution.

The workforce is alarmed because it is known that GEC is unwilling to maintain AEI Scientific, which has made losses and is suffering from lack of orders, indefinitely in its present form.

GEC's desire to bring the matter to a head before too long has brought an element of urgency to the situation.

Mr. Williams told the union men he would look at the matter urgently. It is recognised that, if employment is to be preserved, a purchaser must be found quickly.

With the collapse of the idea of a full-scale take-over by Cambridge Instrument, even with any Government backing which might have been obtained, one possible solution may lie in a bid by a U.S. company, which it seems may be interested.

An advantage of a purchase of AEI Scientific from such a source would be the steering to it, in a perhaps altered form, of North American orders which constitute an important part of the scientific instrument market.

Failing such a development, an alternative might be the dismemberment of AEI Scientific, with part of its business—particularly in electron microscopes and perhaps surface physics products—going to Cambridge Instrument. The extent to which jobs could be rescued in such a way would, however, be very limited.

Vacuum Generators, the unquoted concern whose Board includes Mr. John Waldron, a former managing director of AEI Scientific, earlier indicated that it might be interested in taking over a considerable part of the order flow to AEI Scientific, were that company to be broken up. The sector VG had its eyes on included mass spectrometers, data systems and vacuum items.

Cambridge Instrument, in which the National Enterprise Board has a 28 per cent. stake and which was formed only last year through a merger with £4½m. of State support, believes it would have to inject £3m. to adopt AEI Scientific on a viable basis.

Still striving to build profitability, it is unwilling to make this investment at present, even with more Government aid, though it might still look at the question of a full take-over next year.

Mr. David Cole, Cambridge joint chairman and chief executive says: "We could not find a scenario between GEC and us for the take-over of AEI Scientific which did not require an excessive amount of finance. It had to be ultimately commercial an we had to see cash flow to repay a loan from public funds — some of our existing loan costs 17½ per cent. interest.

"At the moment it looks jolly unattractive. If GEC did close it down, we'd be interested in keeping alive part of the business. Also, we have suggested to GEC that they keep it going and we will look at it, again in a year."

LOMBARD

Vital statistics on population

BY C. GORDON TETHER

WE ALL KNOW that the population explosion constitutes a serious threat to mankind—that, if the number of human beings continues to grow at the present pace, the greatest difficulty is going to be experienced as we move into the closing years of the century in mobilising the resources needed to feed, house and clothe them, even at the grossly inadequate living standards that now obtain over a large part of the world.

But before we can devise the most suitable ways of getting to grips with the problem, we clearly need to know a great deal more about its background. For not only does the need for restraining population growth vary greatly from one region to another and between one country and another within each region; it is also the case that the methods of implementing such a policy that would be entirely appropriate in one place could prove to be quite the reverse in another.

It is here that the World Fertility Survey comes in. This is an international research programme whose purpose is to help provide the much-needed supply of vital statistics by assessing the current state of human fertility throughout the world. And, bearing in mind how difficult it has been up to recently to get governments to start taking the population explosion issue seriously, it is encouraging to find that enthusiasm for collaborating with this project is assuming such proportions that it has every promise of proving a far greater success story than was ever envisaged.

Three aims

First launched some 4½ years ago, it is being undertaken by the International Statistical Institute—whose headquarters are in Holland—with the collaboration of the United Nations Fund for Population Activities and the co-operation of the International Union for the Scientific Study of Population. And it is carrying out its task principally through promoting and supporting what it calls "nationally representative, internationally comparable and scientifically designed and conducted sample surveys of fertility behaviour" in as many countries as possible.

Moving to the more specific, the programme has three main aims. The first is to provide the scientific information that will enable participating countries to describe and interpret their population's fertility—the obvious starting point for the formulation of any population policy. The second is to increase national capacities for fertility and other demographic research, particularly in the developing countries.

The third is to make analytical comparisons of fertility and the factors which affect it in the different countries and regions of the world. And the sponsors of the programme make two points about this. One is that the interpretation of national data on fertility is greatly enhanced when put into a comparative framework; the other is that there is considerable scientific interest in having available comparable data on fertility for populations whose socio-economic characteristics widely differ.

Field operations are already well under way in over a score of countries. Indeed, in some cases they have reached such an advanced stage that the survey's first reports are taking shape—the in-depth analysis phase is normally reached about two years after the collection of the raw material is set in motion.

Arrangements for bringing other countries within the scope of the plan are well advanced in some ten cases. And a similar number of countries have indicated that they would also be prepared to be recruited if someone else would put up the money required—they themselves being too poor to be able to do so.

This brings us to what is now effectively the main obstacle to the continuance and eventual completion of the valuable work the World Fertility Survey is doing—the lack of money. It has already become clear that a five-year extension of its programme beyond the period ending in mid-1977 originally envisaged is going to be necessary. And present information indicates that, if financial impediments can be overcome, the exercise will ultimately embrace more than 20 advanced countries and double that number of developing states.

Prime concern

Here, then, is something that Foundations and others looking for causes capable of giving good value for money might well take a careful look at. And an additional point that should be made on this one's behalf is that, though its prime concern is with throwing much-needed light on the darker aspects of the global fertility scene, its work is having a valuable spin-off in the survey methodology sense.

"Since," as it put it in its last report, "a repeated, approximately standardised, survey offers a special opportunity for the feedback of experience, WFS is in an excellent position to achieve a steady improvement in survey methodology." Some of its dedicated campaigners go even further than that — saying that, thanks to the breakthrough it has achieved, "survey methodology will never be the same again.

THE WEEK IN THE COURTS

Juries and identity evidence

BY JUSTINIAN

ENGLISH JUDGES display a healthy regard for the sovereignty of Parliament. But that is not to say that they invariably welcome the intrusion of Parliament into all the traditional areas of the law that courts themselves think they order well enough.

Thus the Lord Chief Justice at the annual dinner at the Mansion House last week, given to the judges by the City of London, uttered a hands-off warning to Parliament in respect of legislation on the thorny issue of evidence of identification in criminal cases. He compared the "heavy-handedness" of legislation with the delicate touch of the judicial steersman who in each individual case can exercise a wide discretion. Lord Widgery might have been echoeing that unexpectedly picturesque phrase used by Lord Wright in 1938 in an article in a leading legal academic journal, that judges proceed "from case to case, like the ancient Mediterranean mariners, hugging the coast from point to point and avoiding the dangers of the open sea of system and science." And this, mark you, after a crop of recent cases where the courts, both trial and appellate, have erred rather badly in convicting the innocent on false identifications.

Errors

Only a few days before the Lord Mayor's annual feast for the judges Lord Widgery, presiding exceptionally over a five-judge Court of Appeal, had laid down new guidelines for the courts in their handling of identification evidence. In so doing he was giving notice that, without Parliamentary intervention, the courts adopting the fresh approach will more easily spot and avoid the errors inherent in evidence of identification. Unsaddled by Parliamentary "science," the courts will improve their track record in criminal trials where much, if not all, depends on the identification of the accused as the culprit. Will Parliament see the problem in the same light?

Three months ago a committee under Lord Devlin had recommended to the Home Secretary that legislation was needed, although it also thought that much could be done by the courts in changing their practice. That committee's basic recommendation was that, save in exceptional circumstances, identification evidence alone should not form the basis for a conviction. The Lord Chief Justice and his judicial brethren have repudiated so radical a reform and laid down its own rules, not in the abstract, but in the context of a series of actual cases that had come up on appeal.

Judges in future must always warn juries of the special dangers of identification evidence and of convicting on it if it stands alone. They should explain the need for such caution. Juries should examine closely the circumstances in which the identification came to be made: for how long did the eye-witness see the offender? Was the witness picking out somebody he had seen before, or was this the first and only occasion? How soon after the incident did the witness give a descripton of the offender, and did he make his identification after being aided by being shown photographs from the files of the criminal record office?

The Court of Appeal also ruled that where there was a discrepancy between the description of the accused given to the police by a witness when first interviewed and the moment of confrontation, the prosecution should supply the defence with details of that first description. But the court resolutely declined to go along with the Devlin Committee's thesis that identification evidence alone should, other than exceptionally, be rejected. Where the victim identified a kidnapper with whom she had spent hours or days in his company; where drug peddlers were under constant police observation; or where a fellow workman had previous knowledge of a fellow worker stealing wallets—in all these examples identification in the particular case might well be enough. It is in the fleeting sight of a stranger engaged in a robbery or a mugging that identification evidence is at its weakest.

Credibility

The weakness in the Court of Appeal's approach is its own powers to correct the mistakes of the trial courts. It cannot authorise the court to re-try cases. It is for the jury in each case to decide which witnesses should be believed. On matters of credibility the court can interfere in only three circumstances.

1—If the jury has been misdirected by the judge as to how they should assess the evidence; 2—If there had been no direction at all when there should have been one; and 3—If on the whole of the evidence the jury must have taken a perverse view of a witness—but that is rare. These severe limitations are relieved only by the power to quash a conviction if the conviction is unsafe and unsatisfactory.

Here is the rub. The courts constantly assert that they have extensive experience to detect the cases that should not stand because of some specious, irrelevant or deceptive material. The question legislators will be asking themselves is: do they think that without Parliamentary intervention the courts will perform rather better in the future than they have done in the recent past?

* * *

Last week's column referred to an impending decision of the Court of Appeal on the precise status of an unsworn statement from the dock. The Court* has now said that unsworn statements are not evidence, such as that given by a witness in the witness box which is tested by cross examination, but is material which may persuade a jury to take a view of the case contrary to the proved evidence in the case.

*R v. Coughlan Times Law Report, May 16, 1976.

GLC to act on 'ghetto' housing problem

BY ARTHUR SANDLES

THE GREATER London Council is calling in minority community leaders for discussions and tightening up its letting procedures after a discovery that non-white concentrations are building up on some GLC housing estates.

Mr. Tony Judge, chairman of the GLC's Housing Management Committee, told a conference in Nottingham at the week-end that although a survey had found that a quarter of all new GLC tenants were non-white, and 28 per cent. of the borough council nominations were non-white, on 10 GLC inter-war estates in inner London some 54 per cent. of the lettings went to non-white.

The survey showed that non-whites tended to take the first home offered and there might be times when whites deliberately excluded from their preference lists, estates with non-whites on them.

Record number of girl guides

FOR THE 13th successive year membership of the Girl Guides Association has broken all previous records to reach the overall total of 852,439 according to figures for the 1976 census.

The increase of 17,779 members spans every section of the movement and every part of the U.K. Brownie Guides (7-10 years) increased by 4,754 to 409,469; and Guides (10-15 years) increased by 7,661 to 318,884.

Mrs. Owen Walker, chief commissioner, said the figures were most encouraging as they prove beyond doubt that Guiding is meeting the needs of young people to-day."

Prisoners aboard their own ship

By John Wyles,
Shipping Correspondent

THE MANGOCORE which has been impounded by Admiralty Marshal in London's West India Docks . . . a casualty of Maritime Fruit's financial crisis.

THERE ARE many more cheerful places than London's West India Docks on a Monday morning and after seven weeks at the same berth 12 seamen aboard a ship called the Mangocore are beginning to wish they were almost anywhere else in the world.

But they are destined to spend several more Mondays in the Port of London because their ship is under arrest, a casualty of Maritime Fruit Carriers' severe financial crisis.

Few of the men have ever been confined to one port for so long and all have found it a bewildering experience. There is no cargo to wait for, no sailing instructions to be plotted, just time to be served until the ship is sold by the High Court.

An Israeli-registered "reefer" (refrigerated) ship, the Mangocore arrived at the West India from New Zealand on May 31 with one of the largest cargoes of potatoes, 5,300 tons, ever landed into this country. Captain Abraham Yasur and his 36-man crew knew something of MFC's difficulties—they had not been paid for two months—but they had instructions to sail to Central America after unloading in London and were prepared to keep on sailing the ship "out of loyalty to the company."

Surprise

Her arrest on June 4 on behalf of Bankers Trust, an American bank with $30m. loans to MFC, came as a complete surprise, says Captain Yasur. In the succeeding days he was forced to grapple with problems of dealing with the Admiralty Marshal, who is the High Court agent for arresting ships in British waters, Bankers Trust, the Israeli seamen's unions and a tense and increasingly edgy crew.

By all accounts, the Captain has done rather well. A 29-year-old from Tel Aviv, whose long hair and wispy moustache are slightly at odds with the surroundings of a ship's bridge, Captain Yasur emerged during June as the spokesman for the crews of the seven Israeli-flag ships.

Payment of wages had fallen behind on all of these ships and mounting dissatisfaction among the crews culminated at the end of June in an alleged act of "piracy" by the captain of the Persimmoncore who ignored his instructions to unload bananas at Rotterdam and sailed straight to Haifa. Wages were finally guaranteed by the banks, seafarers negotiated and skeleton crews left to man the ship.

All of the six other Israeli-flag reefers shared the Mangocore's fate and are now under arrest in various ports of the world. So too, are at least seven British flag reefers berthed as far apart as Bremerhaven in Germany to Kobe in Japan.

Captain Yasur admits to real problems in trying to relax his crew who knew little more of their situation than the fact that they were aboard a ship under arrest. Legal detention of a ship dates back from the earliest days of sea trading when ownership was often both geographically remote and difficult to establish. In modern times arrest is as frequently used as a remedy by creditors trying to force an owner to meet his obligations.

Many owners avert the forced sale of their ships by making the necessary payments. MFC will not be able to save the Mangocore which means that brokers appointed by the High Court will shortly invite bids for the ship. These are not published and the highest bid above the brokers evaluation gains the ship.

Emotional

The crew will then be able to seek horizons beyond the West India Dock, although quitting the Mangocore will be an emotional moment for several of them who have spent 10 or 12 years with the company. It has been Captain Yasur's first command and not one he is likely to forget. "Some captains go a lifetime without any of the experiences I have had as master of this ship over the last nine months," he says ruefully.

But seamen who lose their jobs do not return to Israel smiling. "Jobs aboard Israeli-flag ships are hard to come by and few owners are likely to [illegible] employing an Israeli as a [illegible] How easy will it be [illegible] job? "How easy will [illegible] get to the moon," said [illegible] Yasur.

Although the ship [illegible] at least appears to [illegible] enough to push [illegible] worries into the back [illegible] Organising supplies, deali[ng with] the ship's agents and [illegible] Bank keep him at his [illegible] several hours a day and [illegible] to keep his small crew [illegible] fills several others.

There are thousands [illegible] needed to ensure the [illegible] running of a ship at [illegible] when idle and empty [illegible] merely a large lump [illegible] requiring the odd lick [illegible] here and blob of grease [illegible] Once a week the engi[ne is] turned over to prevent [illegible] tion, but there is little [illegible] distinguish one day [from] another.

Despite having go[ne] to dwell on the affair, [illegible] appears to bear ve[ry] resentment against the [illegible] The Israeli crews operat[ing] ships, and they knew [illegible] according to Captain Yas[ur] also felt part of a comp[any] set high standards in w[ages] in the treatment of its c[rews].

MFC's inability to h[onour] its ships stems from it[s] to service banking del[ays] ning into hundreds of [millions] of dollars Nobody on th[e] core is ready to admit [the] company should be bla[med] their imminent loss of j[obs] body forced us to work [illegible] company." said Captain [Yasur,] who added. "Business [illegible] ness."

Four executive posts in Boots

Mr. R. G. Clow, Mr. J. J. E. Fergusson, Mr. K. Jervis and Mr. J. P. Lewis have been appointed directors of BOOTS THE CHEMISTS, a subsidiary of the Boots Company.

★

Mr. Anthony J. Lister has been appointed managing director of CANTRELL AND COCHRANE (GREAT BRITAIN). Mr. Wyn Price-Davis, who took over the dual role of chairman and chief executive following a major Board re-organisation early last year, continues as chairman while taking up additional business commitments within the Cadbury Schweppes Group. Mr. Lister joined Cantrell and Cochrane in February, 1975, and was appointed to the Board as director of manufacturing operations in June of that year. Cantrell and Cochrane, which markets the Club range of soft drinks, is owned jointly by Cadbury Schweppes, Watney Mann, Courage and Greene King.

★

Mr. Anthony Dobson is to join the Board of S. AND U. STORES next month as deputy chairman and managing director. He is chairman of George Sturla and Son, which has a 29 per cent. interest in S. and U.

★

Mr. F. L. Potts has resigned from the Board of GARTMORE FUND MANAGERS. The Board does not intend to replace Mr. Potts as managing director, and the company will be run by the executives who launched the Gartmore Funds to the public in February, 1975. The company states that it will continue to operate as an independent subsidiary of Gartmore Investment. Investment objectives of the various unit trusts which are managed by Gartmore Fund Managers will remain unchanged and the portfolio management will continue to be undertaken by the same executives of Gartmore Investment.

★

Mr. Silvanus Bamidele Nicol-Cole has been elected chairman of BARCLAYS BANK OF SIERRA LEONE. Mr. Nicol-Cole, who is at present deputy managing director, will take up his new duties later in the year.

★

Mr. Robert Gray has been appointed by STP INTERNATIONAL, a Studebaker Worthington subsidiary, for the newly created position of international marketing director concentrating initially on the U.K. and Europe. He will be based in the London area.

★

Mr. C. H. Woodhouse has retired as chairman of WOODHOUSE DRAKE AND CAREY and has been succeeded by Mr. R. E. Fisher.

★

Mr. S. John Wooldridge is to become chairman of the NATIONAL ASSOCIATION OF STEEL STOCKHOLDERS in place of Mr. John Annetts, who will be retiring at the end of this year. Mr. Wooldridge is presently chairman of AGW Commodity Holdings and managing director of Ayrton and Partners [illegible] Hempel and Co., which [illegible] AGW, has agreed to re[lease] Wooldridge in the [illegible] work with Mr. Annett[s] [illegible] taking over as full-time chairman on January 1.

Mr. R. P. Pearson [has been] appointed to succeed Mr. [Wool]dridge as managing dir[ector of] Ayrton and Partners [illegible] year. Mr. Pearson wil[l remain] group finance director o[f] [illegible]

★

Mr. P. F. Worlidge [has been] appointed joint managin[g director] of H. CLARKSON (HOLDINGS).

★

Mr. T. G. Edmondson [has been] appointed sales director [of] FOUNDRIES (EXPORT) [illegible] the company formed i[n] [illegible] co-ordinate export oper[ations of] the five steel foundrie[s of the] Weir Group. Mr. Edm[ondson] [illegible] joining the company f[rom] [illegible] body Holmes.

★

Mr. H. J. Widdows [has been] appointed chairma[n of] GIVAUDAN AND CO. [Mr.] M. S. Beeson has succe[eded him] as managing direct[or. The] changes follow the reti[rement of] Mr. Ph. C. Burnham.

★

Mr. Robert R. Harris [and Mr.] Roy H. Cutts have [become] partners of SELIGMANN AND CO., stockbrokers.

★

Mr. A. G. Jackson [has been] appointed to the [illegible] MADAME TUSSAUDS.

RACING

BY DOMINIC WI[GAN]

Grey Baron well matched at Ayr

SOME OF the best staying handicappers in the country are due to line up for to-day mile and seven furlongs Tennent Trophy at Ayr and Scottish racegoers seem assured of an informative and exciting contest for this event sponsored by Tennent Caledonian breweries.

Three-year-olds have a poor record in this event which was won last by a second season performer in 1971 when Angus obliged for Sam Hall's Middleham establishment. However, I anticipate two of this age, Grey Baron and Ormeley, fighting out the finish to-day.

Grey Baron from Bruce Hobb's in form Newmarket stable seems likely to head the market. Following several near misses this handsome grey Alcide colt made short work of Ribarbaro and several other useful performers in a mile and six furlongs handicap at Sandown in May. On a return to the Esher course on July 2 he again showed his appreciation for a good test of stamina when giving Spring Frolic 20 lbs and a four-length beating in the William Hill Handicap.

Ormeley has failed to score in four outings this term, but he has put up praiseworthy performances in all his races—Sandown's classic trial, the Chester Vase, the Predominate Stakes and the Queen's Vase.

AYR
3.00—Breeze Wagon
3.30—Grey Baron**
4.00—Peak Princess
4.30—Indianira
5.00—Jona**

PONTEFRACT
2.45—Kassandros
3.45—St. Joles
4.15—Devil's Dyke

WINDSOR
6.40—Beethoven
7.05—Another Fiddler
7.35—Prince Murdoc*
8.30—Ring Rose

On his last appearance, in the Queen's Vase at Royal Ascot, Ormeley, a taking colt by Crepello out of Parmelia, did well to finish a close third behind General Ironside. He seems certain to make a bold bid, but on this occasion I doubt [illegible] dealing with the rapid[ly improv]ing Grey Baron.

At Windsor's even[ing meet]ing, where the bump[y going] is assured provided [the] weather remains se[ttled, an] interesting race is in [prospect] for the Montrose Ha[ndicap, in] which a chance can [be given] to each of the five ri[vals].

Here the two I like [best are] the Newmarket pair, [illegible] Land and Prince Mu[rdoc. The] first who proved hi[mself not] far short of the best o[f his age] last season, showed his [illegible] since the Autumn whe[n] [illegible] home The Nadi Ro[illegible] Pagos Boy in Sandow[n's Anni]versary Handicap ove[r this] trip early this month.

Although Common [illegible] well have come on a fe[w pounds] since that run, I [illegible] giving 20 lbs to Pat[illegible] mount, Prince Murdoc [fol]lowed up successes [at] [illegible] and Leicester by fr[illegible] good third behind S[illegible] the was trying to giv[e] [illegible] in a mile and one furl[ong handi]cap at Ripon on June [illegible]

TV/Radio

†Indicates programme in black and white.

BBC 1

7.05 a.m. Open University (UHF only). 11.55 Open To Question. 12.30 p.m. Olympic Grandstand. 1.30 Trumpton. 1.45 News. 2.00 Olympic Grandstand. 4.25 Play School. 4.50 Blue Peter Goes West. 5.15 Play Away. 5.45 News. 6.00 Nationwide (London only). 6.15 Olympic Report. 7.25 Star Trek. 8.10 Panorama. 9.00 News. 9.25 Olympic Grandstand.

All regions as BBC 1 except at the following times:

Wales—1.30-1.45 p.m. Pili Pala. 5.15-5.45 Heddiw. 6.00-6.15 Wales To-day. 7.25-7.55 The Royal Welsh Show. 7.55-8.10 A Day On The Usk. 11.15 p.m. News and Weather for Wales.

Scotland—9.40 a.m. Dastardly and Muttley (cartoon). 9.50 Jackanory. 10.05 Devlin. 10.30 Roobarb. 10.35-11.00 Boy From Lapland. 6.00-6.15 p.m. Reporting Scotland. 11.15 News Summary and Weather for Scotland.

Northern Ireland—6.00-6.15 p.m. Scene Around Six. 11.15 News Headlines and Weather for Northern Ireland.

England—6.00-6.15 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

6.40 a.m. Open University. 11.00 Play School. 7.05 p.m. Industrial Film Successes. 7.30 News on 2. 7.40 Network. 8.10 Barbary Coast. 9.00 The Pallisers. 9.55 Inside Medicine. 10.25 The Gun. 10.40 The Balloon Game. 11.10 Newsnight. 11.30 Music at Night: Peter Frankl plays Chopin.

LONDON

†9.45 a.m. Bertrand Russell Speaks His Mind. 10.00 Angling To-day. 10.25 Play Guitar. 10.50 Meet Betty Boop. 11.00 Certain Women. 11.50 Cartoon. 12.00 Issi Noho. 12.10 p.m. Rainbow. 12.30 Home Brew. 1.00 First Report. 1.20 Lunchtime To-day. 1.30 Marked Personal. 2.00 Good Afternoon. 2.30 Monday Matinee: "Make Me An Offer," starring Peter Finch. 4.10 The Merrie Melodies Show. 4.25 Clapperboard. 4.50 The Feathered Serpent. 5.20 To-day. (part 1). 5.50 News from ITN. 6.00 To-day (part 2). 6.15 Batman. 6.45 Whodunnit? 7.30 Coronation Street. 8.00 Get Some In! 8.30 World In Action. 9.00 Bill Brand. 10.00 News. 10.30 The Savage West: "The Desperados." 12.10 a.m. Mother.

All ITV regions as London except at the following times:

ANGLIA [illegible] Anglia News. 2.00 Houseparty. 2.30 Monday Matinee: "Fantastic Voyage" starring Stephen Boyd. 4.25 The Romper Room. 5.20 Nanny and the Professor. 6.00 About Anglia. 12.10 a.m. Reflection.

ATV MIDLANDS [illegible]

BORDER [illegible]

CHANNEL [illegible]

GRAMPIAN [illegible]

GRANADA [illegible]

HTV [illegible]

SCOTTISH 11.05 a.m. [illegible] 11.30 That's The Stuff. 11.25 p.m. Road and Weather [illegible]

SOUTHERN [illegible]

TYNE TEES [illegible]

ULSTER [illegible]

WESTWARD [illegible]

YORKSHIRE [illegible]

RADIO 1 247m [illegible]

RADIO 2 1,500m and VHF [illegible]

RADIO 3 464m, Stereo & VHF [illegible]

RADIO 4 434m, 330m, 285m and VHF [illegible]

BBC Radio London 206m and 94.9 VHF [illegible]

London Broadcasting 261m and 97.3 VHF [illegible]

Capital Radio 194m and 95.8 VHF [illegible]

F.T. CROSSWORD PUZZLE No. 3,134

ACROSS

1 An identical antique providing monotony and tedium (3, 4, 3, 5)
9 Time trial arranged letter for letter (9)
10 To live without is terrible initially (5)
11 Part of street navvy's heating apparatus (4)
12 A French green which is rare (8)
15 Opening nothing if rice is around (7)
16 Wash fake river duck (7)
18 It should keep things warm, putting gas in gas units (7)
19 Fix neckwear lower (3, 4)
20 Scene of hostilities that is right at the border (8)
22 Discover the absence of a girl (4)
25 Not invited yet spontaneous (5)
26 Be levered around in summer-house (9)
27 Out of the ordinary like 25 (3, 2, 8)

DOWN

1 Spoke prematurely and put one's foot in it (6, 3, 2, 4)
2 Widespread but without time about four (9)
3 Light melody goes to your head (4)
4 Takes in part of the A.T.S. (4)
5 Lo! Mutiny is to become lucidity (10)
6 Abstinent American could make a lot teeter (10)
7 I'd go to the Isle of Man for a dialect (5)
8 Form an opinion as brain surgeons do (3, 4, 4)
13 Slick horse-breeding establishment I love where pictures are made (4, 6)
14 Get together again and resemble Anglo-Saxon inside (10)
17 Supply book that is prudent (9)
21 Other ranks drill in circle (5)
23 Bend a cable (4)
24 Measure flesh we hear (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Garden

omeo and Juliet

y CLEMENT CRISP

rmances of *Romeo* the end of last ed that MacMillan's fine opportunities ncipal dancers to r emotional and wings. Antoinette ned as Juliet on ght after maternity partnership with ell. Sibley's Juliet appealed by its erness; the sudden *girlish charm*, the her classical danc- r impersonation a lity in the first act, in so at last week's a development in ation came with the where Juliet must ife and her family— ommontade endemic ice household who out of Juliet's bed- arn-storming were a y morning exercise. et seems to play ye of the storm her. Gesture is oseful, the feeling ught and preserved otional indecision: is fraught, and etus, but admirably effects.

ered me about this its air of being too l. There is a matter ontaneous emotional kind of "taking h each other, which off the relationship Juliet and her thout it, the piece itable but uncom- the final effect of was just this. well's Romeo could more handsome or isitely danced—in ony, in variety of se, in both bravura a full-toned legato he exposition of the a joy to watch. ed his interpretation asion as a youth ted to Rosaline, and ated over by a new *vanic infatuation.* vith Rosaline at the Juliet as she starts save for one reveal- d glance at his old st to everything save assion. From this it the drama should event, it maintained el, but rarely moved The rapture of the the tragedy of the et 3, looked "stated" "felt": the tension individually strong ns was not as taut as e to expect. no lack of rapport nce performance on en Lesley Collier and ling were the star- rs. Both are dancers skills: dizzying speed—Collier holding a solo in *Raymonda* up to the light and making it blaze like a diamond of the finest water; Eagling mercurially fast in *Elite Syncopations* and *Four Seasons*—and a sophistication of style that can turn the common-place into the rare. Both have clear physical personalities. For all Collier's virtuosity and the precision of her technique, she never fragments a phrase, but contrives to keep choreographic sentences intact; Eagling's prodigious extensions, where in the leg lifts high and easily, his admirably "open" positions of arms and torso, are part of a manner that looks strong and purposeful despite its elegance and fluidity.

Lesley Collier we know as an intelligent actress: her early success in *Anastasia* (outstanding in the last act) was proof of this; Wayne Eagling is no less fine in roles where the physical nature of the part is also its dramatic justification, and this makes his an exceptional "MacMillan dancer," witness his lyrical des Grieux and his Younger Brother in *Triad*. In Saturday's *Romeo* both artists seemed completely at ease, and in command of the ballet. Collier is a Juliet more child-like in the first scenes than any other interpreter—the girl is a vivid, mettlesome creature—and in the ballroom there is a sense of playing at being grown up, and a delighted excitement in the flirtation with Romeo. In the garden duet the first inklings of maturity are evident as the reality of passion touches her. By the third act she has grown up. There is still the vulnerability of a girl beset on all sides by misfortune she cannot comprehend, but the desperate energy she finds and the blaze of loving feeling, are womanly and absolutely convincing.

There is no doubt about the ecstasy of this first love from either dancer. Their response to each other is sure: Eagling seems to focus his dancing on Juliet, Collier flings herself into movement with no thought save for the moment.

It was this mutual response, the reciprocated ardour and the poignancy of despair in the last act parting, which gave the performance its particular distinction, warming the choreography into theatrical life. From the company very sound support. David Drew's Tybalt is now outstandingly good, a swaggering bully with a brutal sword-style to set against Michael Coleman's gad-fly Mercutio who darts and stings like Muhammad Ali toying with some lumbering opponent. Derek Deane is a new and pleasing Benvolio, while Sally Inkin is as earthy and boisterous a harlot as any Veronese playboy could wish.

Peter Barkworth and Penelope Keith

Leonard Burt

Globe

Donkeys' Years

by MICHAEL COVENEY

They are always with us, those chaps in college who debagged and defenestrated one another, jumped in the river fully clothed during Eights Week, gloatingly sconced the careless chemistry student who wandered, tie-less, into second dinner. They came down, bills paid up, jobs arranged and fully registered with any college society likely to throw a beano in 20 years time.

Michael Frayn's slight comedy gives us such a crowd of unpleasant people, graduates of the mid-fifties now occupying jobs in Parliament, the Church, Medicine and the Civil Service. One of them, K. Snell, M.A. (Andrew Robertson) arrives with a knapsack and is directed to the old rooms of one Roddy who never appears but whom the Master's wife, Lady Driver (Penelope Keith), is anxious to see. Snell works with parasitic *worms and never had rooms* in college, so has returned to exact some belated consolation. He remains an outsider at this private jamboree, a figure of fun who nonetheless finds himself at the centre of some farcical developments involving trousers and Lady Driver's safe conduct back to the Master's lodgings. The one positive upshoot of the play is his utter humiliation and forced removal from the premises.

The acting of a strong cast is variable, but director Michael Rudman has encouraged Miss Keith to give a peerless, detailed *performance*: first she struggles to establish her changed status over the years and then, trapped in a den of alcoholic iniquity and subjected to the clergyman's recital of "It's fun being a nun" and the group bellowing of a filthy song, not to mention the ridiculous advances of K. Snell making up for his wasted salad days, she releases herself from the late-night fugginess as you would imagine royalty recovering from the impact of a flour bomb.

Peter Barkworth and Peter Jeffrey bring a polished precision to their portraits of vacuity, and John Harding, as a younger, resident Research Fellow with a proud taste for college etiquette, gives a passable imitation of Alan Bennett. Alan Tagg's Oxbridge quadrangle is pretty and realistic but is upstaged for the play's latter half by an interior that restricts physical movement and looks like a cumbersome solution to a design problem. It is indicative of the show's small ambition that the appearance of the Head Porter (A. J. Brown) in a sports jacket should be taken as a sad sign of moral collapse.

Bishopsgate Hall

Christian Zacharias

by DOMINIC GILL

The fourth recital of last week's lunchtime festival series in Bishopsgate was given by the young German pianist Christian Zacharias (b.1950), appearing in London for the first time. It was an impressive debut. Zacharias is a serious and richly talented musician, who communicates a passion for his instrument, as well as a deft and lively musical sensibility, in every bar he plays. All of the three pieces in his programme were compulsive listening—for their freshness and clarity, for their very close and vivid working, above all for their exceptional energy and vitality. No doubt that—like Andras Schiff from Hungary—Zacharias is another new young artist we shall be hearing a great deal *more of soon.*

He began with a magical account of Haydn's F minor Variations (Hob. XVII/6), sustained by luminous inner pulse—at once marvellously poised, marvellously free, every layer of the music articulated with crystal clarity. His performance of Schoenberg's Six Little Pieces op.19 was made of the same crystal: firm, strong-boned playing of the greatest delicacy and refinement, each fragment posed (as it can be, as it must ideally be) as some tiny polished facet of a song without words.

I liked his serious, forthright, uncompromising view of Schumann's F sharp minor sonata — that whirlwind compendium of all of Schumann's youthful poetry. There were moments which Zacharias just failed to *grasp, or at least to project fully* — some of the dizzier flights of fancy, one or two of the most melting sidelong glances; but what he found in the music he found with such vigour and conviction that reservations were quickly brushed aside. He caught all of the spareness and proud economy of the Introduction, as well as its anger and soaring; and in the lovely Aria achieved one of the most perfect realisations I remember of Shumann's direction *Senza passione, ma espressivo* — a reading of the purest grace and simplicity, entirely without affectation, deeply touching. Only the Intermezzo of the scherzo was perhaps a shade too heavily drawn for a convincing *alla burla*; elsewhere there was lightness and fire in plenty — the grandeur of the finale especially, delicately mixed with wistful ardour.

Guildhall

The Carl Flesch competition

by RONALD CRICHTON

Dora Schwarzberg, who on Thursday won first prize and gold medal at the Carl Flesch *International Violin Competition*, made her official British debut on the following evening at the final concert of the City of London Festival. Once again the scene was the Guildhall and her colleagues were Sir Charles Groves with the Royal Liverpool Philharmonic Orchestra. These same musicians the previous day had fulfilled what must be among the more exhausting of an orchestral musician's chores—accompanying with presumably little rehearsal six young players in familiar classical concertos.

Miss Schwarzberg is an Israeli of Russian extraction, trained at Odessa and in Moscow. As a violinist she is cast in the epic Russian mould—big tone, big lines, strong bow arm, a feeling of time for everything to be accomplished without pressing, the ability both to go leisurely and to stoke the fires without breaking the music's flow with either process. She chose the Brahms Concerto. Friday's performance was naturally the more secure and assured (though there had been little lack of either quality before) but Thursday brought the always agreeable experience of first contact with a distinctive, mature yet still youthful personality—Miss Schwarzberg is in her 30th year, at the upper age limit for this competition.

Since there was no space on Friday for more than a list of winners' names, a few notes on the other finalists may be of interest. They were an interesting, sharply contrasted group. Andrew Watkinson (second prize, also Beethoven Sonata prize) is only the second British player to have reached the finals since the competitions started in 1968—the first was Michael Bochmann, in 1972. He too chose Brahms—the alternatives being Beethoven and Mendelssohn. Mr. Watkinson is an energetic young performer with a sure grasp of the music. His tone has an edge which sometimes goes rough. Since his energy can evidently be taken for granted, he might now concentrate on clarity and smoothness in the lyrical passages. To-day's composers needing a violinist with strong attack should hear him.

Third prize (and, significantly, audience prize) went to the Polish Magdalena Rezler-Niesiolowska. Her Beethoven brought the most sheerly beautiful, classical playing heard in the finals—the pellucid unsmirched, perfectly tuned line one longs for and rarely hears in this concerto and much other violin music besides. With this outstanding command and accuracy (ruffled briefly in the last-movement cadenza) there went, not a coldness but an almost waxen reticence of feeling. The Romanian Eugene Sarbu (fourth prize) played the Brahms with smallish, sweetish tone and a genuine, discriminating lyricism. Then he pounced on the finale with such a flourish that he broke a string. He finally made it with plenty of zip, but the first impulse never *quite returned.*

The French Isabelle Flory came fifth. She brought to the Mendelssohn the expected Gallic intelligence and elegance of expression, also a tendency to rush, some sour intonation and passages of skinny tone. But at her best she produced phrases that spoke with a direct, penetrating rightness (like a delighted, gifted child discovering this music for the first time) not outclassed by any of her competitors. It was fun to hear Sir Charles and his Liverpudlians (on firmer ground perhaps with more expansive performers) puffing after Miss Flory in her sparkling finale.

Sixth prizewinner and youngest finalist was another Romanian Mihaela Martin. She played Mendelssohn, tilting her violin upwards at an angle of about 45 degrees, but from that uncomfortable-looking position she produced the most individual "voice" of them all—husky but beautifully even, dark tone which doesn't as yet project with certainty. When she learns to get it across (and also learns not to over-stress the first beat of the bar in long phrases) she will be interesting to hear again—there is clearly any amount of temperament. The Guildhall is good for this event. The resonance flatters violin tone, but not to the extent of disguising those who haven't anything individual to offer.

The Entertainment Guide is on Page 10

nster Abbey

Organ Club

y PAUL GRIFFITHS

mist is a curious t to swoon at arrays umbing and to stud ation with talk of Salicional and Lieb- . No wonder he b to himself. The , which this year s 50th anniversary, n happy with recitals tours of notable at home and abroad. mages provide him non-playing fellow the opportunity to e, discuss and some- repair the objects of veneration.

evening's recital, a ubilee year calendar, by the brothers Nicholas Cleobury, cently set themselves t team. Their pro- an, however, with a Guilmant's *grand* . This was an appro- ud, swaggering com- loud enough that the nen were obliged to ke themselves heard. *rillon de Westmin-* of course on the ig Ben, was the other nantic solo they in- ke no guess as to who

re joined for Gustav nata in D minor, a d from psalm tunes and issuing in the inevitable fugue. This must be the music to be heard forever in the organophobe's purgatory, with four hands and four feet unleashing all that the 19th-century organ has to offer in the way of overweight texture and stodgy counterpoint. It was grandly imposed here, but I was much more impressed by the grace, lightness and sense of timing the Cleoburys brought to Elisabeth Lutyens' *Plenum IV*, which was written for their first duet concert last year. In this piece the organ is used as a medium for cool tone and a questioning resonance in line with the subtitle from Gertrude Stein: "What is the wind, what is it . . ."

The final work was Kenneth Leighton's *Martyrs*, a connected diptych of "dialogues" on the Scottish psalm tune commissioned by the Organ Club for this recital. Leighton's handling of the four-handed organ is masterly, though he treats his material too much as one might expect. Both sections build to a solid climax, but where the first is pinched and chromatic, the second opens out into a full, spacious statement of the melody. The rhetoric is as massive, and as hollow, as a Double Open Wood 32'.

Albert Hall

Missa solemnis

by MAX LOPPERT

The 82nd season of the Henry Wood Promenade Concerts began on Friday, after a preparatory *period of, apparently, more than* usual difficulty. The death of Rudolf Kempe, and the inability of composers commissioned for new works to reach deadlines, necessitated late rearrangements of schedule. A more pervasive difficulty, the shortage of money, has been faced, it seems, by the comparative avoidance of those extravagantly scaled works—the Berlioz Te Deum, Mahler's Eighth, Stockhausen's *Gruppen* are examples from Prom seasons of the recent past—that showed in happiest light the BBC combination of munificence and enlightenment. There is also no visiting foreign orchestra. That said, those who love the Proms can only be thankful that the adventure continues, and that the 56 concerts still contrive such rich variety.

Friday's concert appeared to take its tone from the opening silent tribute to Kempe. In the *Missa solemnis*, the BBC Symphony Orchestra and the large composite choir (the BBC Singers and Choral Society being joined by a contingent from the LSO Chorus) were conducted by Colin Davis, who is capable of a Beethovenian blaze as few others to-day. Instead, he was in subdued, thoughtful mood, concerned, it seemed, to examine with considered care all the heterogeneous elements from which Beethoven's Mass is so remarkably made, rather than always to forge them into a flowing, vitalising whole.

For the listener this brought the advantages of a refreshed awareness of instrumental detail (the sheer resource of Beethoven's woodwind writing has *still the power to draw the atten*tion to some previously unsuspected arresting gesture); and a renewed sense of wonder at the effort, as much physical as intellectual, with which the work was put together. But, often, the cost seemed to outweigh the gain—it was one of those occasions when a Davis reading sounds "punctuated," full of rhythmic bumps and edges, with*out natural momentum or flow*. A notable and fortunate exception was the "Benedictus," in which the pure, shapely line of the volinist, Bela Dekany, temporarily inspired a mood of contemplative calm in all but the soprano soloist, Ursula Koszut, bright of tone but often raw and unlyrical of phrase.

The big outbursts were *strangely without exhilaration*—notes flying up, thought remaining below. This was despite the clean and confident choral singing (who shall blame the sopranos for some blanched moments above the stave?), and interesting solo contributions—the Polish soprano was leading a quartet (Anna Reynolds, Anthony Rolfe Johnson, John *Shirley-Quirk*) *more vivid singly* than effective as an ensemble. Mr. Davis always commands admiration for his refusal to repeat himself, to do things the easy, automatic way; now perhaps he will be moved to put his reading together again. As it was, it made a sombre, though not unimpressive, start to the season.

Redbrass concerts

Redbrass is a ten-piece group playing contemporary music which can be loosely labelled "rock/jazz." With three girl vocalists, a jazz-flavoured horn section and a rock rhythm section it plays mainly out of London, in arts centres and in theatres.

Starting last Saturday the band began a fortnight's work in the London area with a session at the University of London Union, Malet Street.

This is being followed by appearances at the Phoenix, Cavendish Square (July 21), the Bracknell Jazz Festival (24), Hampstead Theatre (25), 100 Club, Oxford Street (26), Lambeth Jazz Festival (27), Woolwich Tramshed (29) and Dingwall's (30).

cras Church

avalli's Requiem

NICHOLAS KENYON

hundred years of Mark's, Venice, was in Thursday's con- he Saltarello Choir ir new conductor, rnas; but it wasn't le, ceremonial music ilica which was pre- tead we heard in the notets for choir and alone by Andrea rom the 1590s), his ovanni, and Monte- in the second half the *Requiem* by Cavalli 1670s), edited for the y Jane Glover. s year, the tercenten- leath, Cavalli's operas revived, but not his usic. Now the per- altering—and rightly alli was in the service k's for no less than This *Requiem*, written fore his death, is a old-fashioned, almost iece. In it he takes *plus antiquus* cliches them with a sensuous n from his operatic hard Bernas' inter- tressed well the intro- de of the music—the languorous *Hostias*, the low chromatic *Ingemisco*, but his very pointed baton technique seemed to prevent the choir from fully sustaining the lines, though its sound was lyrical.

In the few strong passages, including the superbly paced crescendo from "gloria" in the *Sanctus*, the direction was firm and the sound confident. Here, and in the antiphonal "Domine Jesu Christe," one wished the two choirs had been able to risk singing in Venetian fashion from the facing galleries of St. Pancras Church instead of being crowded together on the floor. But prudence in this matter produced some tight and dramatic overlapping entries from the two choirs, notably in the *Dies Irae* (where Cavalli's smooth depiction of "tremor" showed perfectly the force Venetian church music had lost since Giovanni Gabrieli's *Timor et tremor*, heard in the concert's first half).

A worthwhile revival, and one which should be followed by the publication of the score: it forms a sombre memorial to the glories—fast fading by 1676—of the Venetian Republic.

HOME NEWS

Wide changes in company reports to be considered

BY MICHAEL BLANDEN

MAJOR CHANGES in content and presentation of company reports are to be considered by the accounting profession as a result of its review of the controversial paper on The Corporate Report produced last year.

The Accounting Standards Committee, backed by the six leading accountancy bodies, welcomes the report as a useful guide to future direction of development of reporting practices.

It is to initiate research on the detailed proposals for new company statements, though without committing itself to issuing a standard for accountants to follow on any subject concerned.

The Corporate Report, the committee states, "has developed ideas and proposals which go beyond the frontiers of conventional financial reporting." It has to be recognised "that the acceptability of such an extension is a matter not for the accountancy profession alone but for all those concerned with corporate reporting."

The report, prepared by a working party at the committee's request, was published as a discussion paper last August. It set out ideas for fundamental reforms of company reports, taking into account the interest of groups other than shareholders and creditors, such as employees, consumers and the Government.

The Government drew heavily on the report in its recent consultative document reviewing aims and scope of company reports. This is expected to form the basis of a White Paper this year, as a step toward fundamental reform of company law.

Reactions to the report have been favourable from industry generally though it has attracted considerable criticism from a number of City institutions.

The committee published its statement after considering the comments received on the report, and recognises a continuing trend towards wider interpretation of financial reporting. "The aim should be for the information presented in the corporate report to give a rounded picture of the entity's economic activity."

It will start research on the proposals for six additional statements to be included in reports.

Subsidies on fares criticised by London Chamber of Commerce

BY KEVIN DONE, INDUSTRIAL STAFF

SUBSIDIES for fares on public transport are rejected by the London Chamber of Commerce and Industry in its memorandum on the Government's Transport Policy Consultation Document. It would prefer to see transport expenditure devoted to improving the system.

The Government is criticised by the Chamber for failing to consider the real needs of passengers, for not relating transport policy to other major fields of policy and for suggesting that transport is less important than health, housing and the social services.

Users of London Transport should pay an economic cost for the services provided, says the Chamber. Fares charged on bus and underground should broadly reflect the cost of providing them and in principle the same criteria should be applied to British Rail. Progress towards economic fare levels should be gradual.

The Chamber calls for efficient inter-urban rail and road networks and vastly improved interchange facilities on the outskirts of urban centres so that passengers and freight can switch modes of transport with the minimum disruption.

On local transport and particularly London Transport the memorandum says that deteriorating services can only result in increasing traffic congestion and a decline in general productivity and achievement.

Output of man-made fibres up 15% in first part of 1976

BY OUR INDUSTRIAL STAFF

OUTPUT of man-made fibres in the first five months of the year has remained remarkably stable according to figures released by the British Man-Made Fibres Association.

And although output in May was slightly lower than in the same month last year, due to a fall in staple fibre production, output over the first five months of 1976 was 15 per cent. up on the same period last year.

In May total output was 52.57m. kilograms, of which 28.65m. kg. was staple fibre and 23.92m. kg. was filament yarn. In the first five months of the year output has been steady between 52.32m. kg. recorded in February and 54.14m. kg. in March.

From January to May production of filament yarn has increased by 17.5 per cent. and output of staple fibre by 13 per cent. over the corresponding period in 1975.

The overall level of imports has continued to rise during the first five months of 1976 and there is still a slight imbalance in the man-made fibres section against exports. From January to May the total value of imports was £175.7m., equivalent to the total value of imports in the whole of 1972.

Exports totalled £172.5m. with yarn and synthetic fibre the strongest item at £56.1m.

Leyland seeks staff accord on Albion lorry plant's future

BY OUR GLASGOW CORRESPONDENT

BRITISH LEYLAND has begun a series of talks to persuade workers at the Albion lorry plant in Scotstoun, Glasgow, to accept a £41m. investment programme which would make the factory the truck and bus division's major components supplier.

Despite the likelihood of employment at Albion being doubled to more than 4,000, shop stewards have expressed opposition to the plan as it involves the ending of lorry production. They are also unhappy that a number of skilled jobs will disappear when the production track is transferred to the division's main Scottish plant at Bathgate.

While the programme has been discussed at length under the established worker participation system, a special series of meetings between truck and bus Scottish management and full-time union officials has been called to try to iron out the Albion situation.

These talks will resume in the middle of August after summer holidays, and Leyland is looking for agreement by autumn at the latest.

The plans are part of Leyland's major £70m. of projects intended to double output of lorries and tractors from Scotland within ten years, mainly for export and particularly aimed at Europe.

The programme has still to be approved in detail by the National Enterprise Board, but already two slices of £20m. have been sanctioned. Work is under way at Bathgate in installing additional machine tool capacity to increase output of engines and other components by 30 per cent., and a new cab trim facility is also under construction.

Eventually it is planned that the 90-year-old Albion plant will become the division's main supplier of major components like axles, gear boxes and chassis frames. Together with the Bathgate developments, employment at Leyland's Scottish plants could double to 16,000 by the mid-1980s.

This in turn will sharply increase the import bill for components and materials trucked to Scotland from the Midlands, and Leyland's Scottish management are anxious to encourage local concerns to become suppliers. At present, only 4 per cent. of Bathgate and Albion components originate in Scotland, and Chrysler have had a similar experience at their Linwood plant near Paisley.

Sheffield company wins £7.5m. contract

DAVY-LOEWY, the Sheffield-based engineering and steel plant-supplying subsidiary of Davy International, has won another Soviet equipment contract worth £7.5m.

The contract, with V/O Stankoimport of Moscow, the Foreign Trading Organisation, is for two forging complexes each comprising a 2,500 tonnes high-speed forging press, two rail-bound integrated manipulators and ancillary equipment.

The plants, which include advanced forging system working in conjunction with a data logging computer system, are due to be commissioned early in 1979.

It is the third big contract Davy-Loewy has received so far this year from the Soviet Union. The other two were in February and April.

For this contract, as with the previous two, the Export Credits Guarantee Department has guaranteed a £5.3m. loan which Morgan Grenfell, acting on behalf of National Westminster Bank, have made available to Vneshtorgbank, the Russian bank for foreign trade.

British companies have now taken up £36m. of the £950m. credit envisaged under the expert credit agreement between Britain and the Soviet Union.

Uranium Institute grants CEGB full membership

BY DAVID FISHLOCK, SCIENCE EDITOR

THE URANIUM Institute has strengthened its defence against anti-trust investigations by the U.S. Department of Justice by recruiting the Central Electricity Generating Board as a full member.

The Institute was set up by 16 uranium producers in London a year ago in an attempt to forecast future uranium demand for an industry where historical trends offer no guidance.

It has come under scrutiny from the Justice Department as a result of suggestions that the Institute might lead to a "uranium OPEC" by attempting to agree uranium prices.

The Department of Justice has subpoenaed two of its founder-members—Denison Mines, whose chairman, Mr. John Kostuik, is also chairman of the Uranium Institute, and Rio Algom, Rio Tinto-Zinc's Canadian associate.

The Institute—which has not been subpoenaed—believes that the equal status it has offered uranium customers since the beginning of the year is one of its best defences against anti-trust allegations.

At the outset, although a substantial minority of the producers wish to bring in consumers as full members, the Institute's council voted to give con[illegible] only "associate member" No electrical utility wou[illegible] on such terms, however.

The CEGB has more generating capacity th[illegible] other utility in the wor[illegible] has also recently mou[illegible] search for uranium. Ot[illegible] members of the Institute Electricité de France, w[illegible] world's biggest nuclea[illegible] gramme under constructi[illegible] RWE, with West Ge[illegible] biggest nuclear programm[illegible]

Following a symposi[illegible] uranium supply and dem[illegible] London last month, the I[illegible] is launching three data-ga[illegible] projects. One aim is to s[illegible] data base from which statistics can be ge[illegible] Another will pull togethe[illegible] base of national laws go[illegible] mining, some of which to be poorly matched requirements of an indus[illegible] recognised to need to [illegible] very long lead times.

A third project will industry practice on sa[illegible] mines, processing and the ing of mine tailings. A proposal for study discussed is the subj[illegible] uranium stockpiles, in some uranium customer already invested.

British car makers to increase prices

BY OUR INDUSTRIAL STAFF

PRICE INCREASES for British Leyland, Ford and Vauxhall cars are expected before the end of the month caused by the rising cost of importing raw materials.

The British manufacturers had hoped that by holding back the increases import of foreign cars might be slowed down. But despite large price rises announced regularly by foreign manufacturers in the last six months the share of the U.K. market taken by imports has continued to rise.

British Leyland prices are planned to rise by the end of the month by an average of about 4.5 per cent., although the increase will vary according to the model. The current prices of cars in the dealers' showrooms will probably be maintained, when the increase are announced. This should help to boost sales when motorists change models at the beginning of August to coincide with the new registration letter.

Many BL cars are in very short supply in the U.K. at the moment as the company concentrates its resources on building up its export market, but there is less restraint on Minis, Dolomites and Maxis. The price increase is not expected to affect the new Rover 3500.

The size of price rise is expected to be followed by both Ford and Vauxhall, but increases from the U.K.'s other major manufacturer, Chrysler, will lag behind by some weeks in line with the announcement of its last price rise.

Franco-Scots oil tower deal

FINANCIAL TIMES REPORTER

THE HARD PRESSED Highland Fabricators oil platform yard has agreed to build offshore oil columns under licence to a French company.

The articulated column design, patented by the Equipements Mécaniques et Hydrauliques (EMH) engineering subsidiary of French platform builders Compagnie Française d'Entreprises Métalliques (CFEM), is already in use in the British North Sea, but Highland Fabricators will be the first U.K. company to make it.

Highland Fabricators, jointly owned by Brown and Root (U.K.) and George Wimpey, is in danger of running out of work early next year when it completes the Highland Three steel production jacket for the Ninian Field. It has been looking into ways of diversifying operations at its large Nigg Bay construction site for some time, and the EMH deal gives it the opportunity to move into another branch of offshore construction.

The agreement between Hifab and EMH, which was signed in London last week was described by Hifab managing director Mr. Kevin Barry as "an added string to our bow which should help to ensure continued employment for our experienced workforce.

"We are confident there is going to be a growing demand for this type of column, and to have obtained the U.K. concession should ensure that orders are forthcoming for our Nigg facility."

The EMH design is similar to the single point mooring installed on Mobil's Beryl Field (built by CFEM) and the gas flare column used by Shell on the Brent Field.

Hifab will be the only British contractor building the EMH-designed column, but licensees include the No[illegible] Kvaerner Brug group, the States Dravo Corporation, is also built by EMH's company, CFEM, at Dunkirk yard.

The design incorpor[illegible] column connected to a [illegible] the seabed by an art[illegible] joint. It stands well ou[illegible] water, with the height de[illegible] on its application.

So far there is no indication of the likel[illegible] demand for these towers North Sea.

No orders for the colum[illegible] been placed, but Hifab [illegible] have been talking to th[illegible] panies, all of who could b[illegible] tial customers.

Oil industry sources [illegible] point out that there are competing designs, like t[illegible] ing single buoy mooring already used by several panies in the North Sea and transport oil and ga[illegible]

Unemployment total may rise

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

UNEMPLOYMENT FIGURES for mid-July, due to-morrow, are expected to show a further rise in the unadjusted total to a new post-war record as large numbers of school-leavers come on to the register. However, an announcement is likely before the end of the month, possibly this week, on proposals to help jobless school-leavers.

While a further increase in the overall level of unemployment is certain to be politically embarrassing shortly before the expected statement on public spending cuts, there will be close interest to see whether the underlying trend has reached its peak after a slowdown in the rate of increase in the seasonally adjusted figure for adult jobless in recent months.

Mr. David Basnett, General Secretary of the General and Municipal Workers' Union, called at the week-end for a "new crash programme" to bring unemployment down rapidly.

"Next week's unemployment figures will show that despite job-saving and job-creating measures already taken, there is still a quite intolerable high level of unemployment aggravated by a large number of school-leavers unable to get a job," he added.

Mr. Basnett suggested that special funds should be applied to ensure that there were jobs for all school-leavers, and the 30,000 places in the further education institutions available after this summer could be used.

Among other proposals, Mr. Basnett called for immediate use of selective import controls to protect vulnerable industries, a reduction in hours of labour with the aim of "orderly progress" towards a 35-hour week; investment by the public sector, especially nationalised industries, to be brought forward; and in areas of high unemployment, road improvement and house-building plans should be drawn up.

The extent of the rise in this month's unadjusted unemployment total will partly depend on how many of the 225,000 to 275,000 pupils expected to leave school between the end of May and mid-July are out of work and registered. But in mid-June a rise of 85,000 in the number of school-leavers out of work more than accounted for the 61,000 rise to 1.33m. in the U.K. total, offsetting normal seasonal influences tending to reduce the figure in the summer.

The exact form of further aid to jobless school-leavers is not yet clear. But it is probable that the Manpower Services Commission is considering a repetition of last year's recruitment subsidy scheme, available only to those who left school last summer and Christmas. This has the advantage of being relatively inexpensive in net public-spending terms because of savings in benefits.

The underlying trend in mid-June, best shown by the three-monthly average, was of a rise of 9,000 a month in the seasonally adjusted figure for adults in the U.K., compared with an average rise of 40,000 a month in the winter. The rate of rise is being reduced by the Temporary Employment Subsidy and the job-creation programme.

The official view is that the seasonally adjusted total is following the normal pattern, of lagging nine months to a year behind the upturn in output, and may now be near its peak. It is 1.26m. for adults in the U.K.

The unemployment figures are the main economic indicator expected during this week. But among the others are wages and earnings indices, and retail sales statistics, both due to-day, which are not likely to show much change from recent trends. A first preliminary estimate of consumer spending for the second quarter is due on Thursday.

Plumb 'not approached' on EEC post

By Peter Bullen

SIR HENRY PLUMB, president of the National Farmers' Union said yesterday no approaches had been made to him about becoming EEC Commissioner for Agriculture.

Sir Henry, 50, who is president of the Common Market Farmers' Organisation, COPA, said at his home at Coleshill, Warwickshire, that reports that he was being considered for the job when Mr. Pierre Lardinois leaves it at the end of December were "pure speculation."

There is little doubt he would be an excellent choice for his experience of farming and Europe's farming problems. Factors which might prevent this are his close links with farmers in the face of growing "consumerism"; his not being a politician; and the tradition of the post going to a country like Holland as a buffer between large consuming and producing States.

ART GALLERIES

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...lloud tries to ...n further ...rian withdrawal

N HIJAZI BEIRUT, July 18.

SALAM Jalloud, the ...emier, returned to ...at the week-end for ...rmed sources here ...s a last attempt to get ...s to withdraw their ...letely from the south ...banon and from the ...esort of Sofar in the ...east of Beirut.

...oud has now been ...tween Damascus and ...more than a month in ...bring about a recon... ...tween Syria and the ...guerilla movement. ...Kaddoumi, the top ...leader who is also ...Abu Lutf, has stated ...y that Syrian with... ...a precondition for ...commando delegation ...s for talks.

...ng continued on all ...fronts, the indis... ...shelling of Beirut's ...districts was resumed ...ells fell on Moslem ...ian neighbourhoods. ...about casualties or ...mage were not im... ...vailable.

...stinians allege that ...yesterday sent re... ...s into Lebanon to ...the combined ...and Lebanese left... ...in the north eastern ...rea of Aintourah. ...roops stationed near ...n port of Sidon last ...rew a few miles up ...the outskirts of the ...wn of Jezzin, but the ...vement is demanding ...ould pull back all the ...Bekaa Valley.

...-controlled Damascus ...e been giving the ...that Syrian troops ...r to stay. The radio ...lay that life has gone ...mal in that area after ...arrived last month ...Lebanese have been ...Sofa from beleaguered ...r safety.

Lebanese newspapers ...even spoke this week... ...t-wing Christian and ...s to mount a land and sea offensive to capture the western districts of Beirut, which are currently controlled by the alliance of the Moslem left and the Palestinians. Wafa, the Palestinian news agency, said the speculations were not true, but Mr. Kamal Jumblat, the leader of the Lebanese Left, said that he has had secret information to the effect that the Christian forces and the Syrians plan to attack the hotels area and try to occupy the country's Central Bank. He accused the Syrians of wanting to take away Lebanon's gold and foreign exchange reserves which are said to be kept at the Central Banks' vaults.

While the main focus is on Mr. Jalloud's visit to Damascus, other efforts to bring about an understanding with Syria are under way. A four-man delegation representing the Lebanese Sunni Moslem community went to Damascus to-day.

It includes two former premiers, Mr. Abdullah Yaffi and Mr. Takieddin Solh, and two ex-ministers, Mr. Malik Salam and Dr. Nassib Barbir, representing a newly formed Sunni Moslem political coalition.

Significance is attached to the visit because it is the first of its kind since the Syrian troops came to Lebanon at the beginning of June. Its purpose is to prepare the ground for a rapprochement between Damascus and the commando movement and resume the Lebanese Moslem community's dialogue with the Syrian Government.

Meanwhile, Dr. Hassan Sabry al Kholy, the special representative of Mr. Mahmoud Riad, the Arab League Secretary General, was expected here from Cairo to-day to resume his efforts between the Lebanese factions for the purpose of arranging a ceasefire.

Reuter adds from Amman.—The leaders of Egypt, Saudi Arabia and Sudan met in Jeddah to-day to discuss the aftermath of the abortive coup in Khartom and the Lebanese crisis Riyadh Radio reported.

...d delegate win puts ...40 ahead of Reagan

...K MARTIN PRINCETON, NEW JERSEY, July 18.

...T FORD yesterday ...the Republican delegates ...the state of Connecti... ...erefore wound up the ...tion political season ...50 delegates ahead ...lenger for the party's ...nomination. Mr. ...gan.

...gan also enjoyed a ...p yesterday, taking all ...'s delegates. He now ...of about 1,050 against ...1,090-plus. ...of 1,129 is needed to ...nomination at the ...next month in ...y.

Ford's campaign ...w contending that in ...President has already ...they say, he can lay ...e support of at least ...20-odd delegates who ...ally uncommitted or ...itions remain publicly ...This confidence has ...red by the fact that ...apparently failed to ...hidden support in ...s last week before ...om Pennsylvania and ...the Reagan forces ...ains that Mr. Ford's ...ength is much softer ...that there are ...hiding in the Ford ...will come out at the Convention. Thus it is likely that a really accurate picture will not emerge until the party's key committees have decided on the rules under which the Convention will be conducted.

These involve complex matters such as challenges to the credentials of delegates from both sides and a ruling on whether or not delegates are compelled to vote for the candidate to which they are technically committed, even though their own state laws do not specifically require this.

These battles promise to be tough and may well determine whether the Convention splits up in disarray or is conducted in harmony (though hardly with the spirit of unity that characterised the Democratic Convention in New York last week). In Connecticut yesterday, the Reagan camp claimed that the President's supporters, who control the State party, had unfairly excluded even the possibility of the selection of a handful of Reagan delegates and threatened to defect from the Party ticket in November. These charges have been heard before from both sides in other states and if translated into open hostility on a national level in Kansas City bode ill for the Republican Party.

...cca plotters sentenced

...ID KHAN MAJUS DACCA, July 18.

...military tribunal in ...turday sentenced one ...th and two others to ...ion for life on ...conspiracy "to wage ...t the Government of ...and to overthrow it ...olent means." Four... ...accused received jail ...arying from 12 years. ...Sixteen including a ...economist and the ...a weekly newspaper ...acquitted of the con... ...rges. ...33 persons who have ...by the special military ...ere reported to be ...f the now defunct JSD

...t. Col. Abutaher who ...e headed the Comilla ...the Bangladesh army ...first person to die in ...y for charges of sub... ...ivities and political ...The trial was held ...ca central jail under ...security measures ...the accused were ...y the country's most ...group of lawyers. ...who have been ...to transportation for life are JSD president retired Major M. A. Jalil and younger brother of Abutaher, Abu Yusuf Khan, who was involved in the shooting incident at the Indian High commission in Dacca in December, when an attempt was made on the life of the Indian High Commissioner, Mr. Samar Sen., who escaped with a shoulder injury.

The end of the JSD trial virtually ends the controversy as to who saved the country after Khalid Musharraf's bid for power on November 3. The pro-Indian coup attempt on November 3 failed when the armed forces and the people rose against alleged "Indian agents" and freed the present Bangladesh strongman Gen. Ziaur Rahman from temporary captivity. Retired Col. Abutaher and his JSD cohorts in the armed forces claimed all the kudos for the November 7 uprising. Abutaher and his friends who were seen near General Ziaur on November 7 disappeared from the scene the next day only to be arrested in groups or individually during the next four months.

...i death toll rises

...ISH McDONALD JAKARTA, July 18.

...ATH toll from the ...es in Bali last ...y has now risen to ...rding to the latest ...om local officials.

...contributions are ...o come in from the ...overnment and from ...fficials say the most ...need is for medical ...and tents. So far no ...are known to have ...red. The area is well ...m the main tourism ...a the south coast. ...es of the number of ...n the earthquakes in ...ya (Western New Guinea) are now being sharply reduced in Jakarta, following wild statements by government officials over the last two weeks. Newspapers here yesterday said 443 people were confirmed dead, but the number thought missing has been reduced from 5,000 to 1,500. But missionaries and scientists living in the Jayawijaya mountains hit by the earthquake, dispute this estimate. They believe the total dead could be 500 or 600 with a maximum death toll of about 1,000.

MALAYSIA'S NEW PLAN

Fairer for non-Malays

BY WONG SULONG. KUALA LUMPUR, July 18.

MALAYSIA'S Prime Minister, Datuk Hussein Onn, launches the country's third and most *ambitious five year plan in Parliament* to-morrow, amid a growing Communist insurgency that threatens to divert the country's resources for development to a protracted war.

While many countries are still struggling to get out of the effects of the oil crisis, recession and inflation of the past three years, Malaysia has confidently set itself an ambitious target: an annual growth rate of 8.5 per cent. under its third five year plan.

But chasing higher GNP is not the all-consuming passion of the Malaysian Government. Like the previous plan, the current third Malaysia plan, is dictated by the country's New Economic Policy (NEP), which, in official language, aims at eradicating poverty irrespective of race, and restructuring society, creating a modern commercial Malay sector.

The second plan under the late Tun Razak concentrated on the second objective of the NEP. It has nutured an expanding middle class and capitalist class of Malays, who are very conspicuous in Kuala Lumpur. Malay equity ownership in limited companies rose from 2.5 per cent. to nearly 8 per cent., a creditable achievement. However, during the last months of Tun Razak's rule, it was obvious that there were political limitations in pushing the Bumiputra (Malay) policy too far and too fast.

It was in this context that the launching of the third plan was twice delayed. Tun Razak's successor, *Datuk Hussein Onn, has* shifted the emphasis of the NEP. The creation of a modern, commercial Malay sector still goes on, but the stress of the third plan is to confront an even more awesome task of eradicating poverty, among Malaysians, irrespective of race.

Compared to the *size of* the population (12.5m., the development expenditure under the plan is enormous. Government spending is estimated to be around 16.8bn. ringgits (£3.7bn.), while the private sector is expected to invest a staggering 26.5bn. ringgits (£5.8bn.). Even taking into *account inflation, this represents* a 50 per cent. jump over the last plan.

The Government hopes to raise its funds mainly from loans (11bn. ringgits locally, and 5.8bn. externally) and is confident of getting the required amount, as the economy is sound, and its debt servicing comparatively low.

However, it may take much more than a sound economy to attract sufficient private investments. The Malaysian economy is riding high on the recovery of the industrialised nations, but private investment, so far this year, has not been encouraging. Investors appear to be still hesitant and apprehensive over Government legislation of the past year, and the seriousness of the Communist insurgency. The plan estimates foreign investment to be around 3.6bn. ringgits, which, after deducting inflation, is about the same level as the past five years.

Foreign ownership of equity in Malaysian limited companies declined from 63 per cent. in 1970 to 55 per cent. last year. It is expected to slide lower to 44 per cent. by 1980, and down to 30 per cent. by 1990, the target under the NEP.

What is haunting Malaysian planners and investors alike is the spectre of a growing, protracted war against the 3,000 Communist guerillas. Perhaps not to create alarm, the allocation for defence and internal security is being deliberately kept down. It amounts to 2.2bn. ringgits, or nearly 12 per cent. of the plan's budget.

Considering that the insurgency has grown much worse in the past two years, this amount is certainly modest. However, Datuk Hussein has made it clear that this is not the final figure. More would be spent, and it appears certain to be, if the need arises.

One out of every two Malaysians is poor, and the gravity of the situation can only be appreciated when one considers that since independence in 1957 to 1970, the rich Malaysians have become richer, and the poor poorer. During the period, the *top 10 per cent. of Malaysian* families increased their income by 46 per cent., while the incomes of the bottom 10 per cent. actually fell by more than 30 per cent. The inequality of income is widest among the Malays.

Kenya reacts to Uganda claims

By Quentin Peel

NAIROBI, July 18.

KENYA reacted to-night to Uganda's latest claim that its aircraft could destroy President Kenyatta's official residence and attack the Kenyan port of Mombasa to rescue Ugandan civilians allegedly being held there by saying that it would hit back hard if attacked.

Mr. Daniel Arap Moi, the vice-President, appealed to Kenyans to remain calm and carry on "without listening to empty voices from outside." He said Kenya was strong enough to resist attack and indeed would hit back very hard if attacked by anybody.

The Uganda Radio broadcast, repeated to-day, was the most overt threat to Kenya so far, attributed to a "military spokesman." The broadcast claimed that two fighter aircraft had crossed the Ugandan border and then "cowardly run back to Kenya." The broadcast went on: "It is not difficult to destroy Nakuru where Mzee Kenyatta is."

The broadcast also claimed that British, American and Israeli agents were operating on the border between the two countries.

Deadlock over programme for North-South talks

BY RUPERT CORNWELL. PARIS, July 18.

THE STUMBLING "north-south" dialogue between the industrialised and developing world suffered another severe setback this week-end as the two *sides failed amid* some bitterness to break a deadlock over the work programme for this autumn.

The failure comes after a week of discussions here among delegates of the 27 nations involved to settle the precise areas on which the Paris-based conference would concentrate before a decision-taking meeting of their Ministers in December.

The outstanding bones of contention are debt relief for the poorest countries and whether and how raw material prices should be indexed, thus limiting the effects of Western inflation on the purchashing power of *developing countries.*

At a Press conference to-day Sr. Manuel Perez Guerrero, the Venezuelan Minister of State, said that agreement on these two points had to be reached before the conference's four commissions reconvened in September to resume work on the elaboration of a fairer world economic order.

He stressed that the deadlock did not necessarily mean the dialogue was in danger. But a joint statement from the 19 oil producers and developing nations represented blamed the developed camp for the impasse, accusing them of a "lack of political will."

However the chief U.S. delegate, Mr. Stephen Bosworth, retorted that his country was adopting a serious and constructive approach but that the conference had to have a neutral agenda that would not prejudice the Ministerial discussions in December.

Here lies the heart of the problem since the developing side wants to frame the work programme in such a way as to commit the others to agree upon both indexation and the cancellation of the debts of about 30 of the globes worst-off nations.

It is now up to the co-chairmen *of the dialogue,* Sr. Guerrero himself and the Canadian External Affairs Minister Mr. Allan MacEachen to work out a solution after consultations with the interested parties.

The omens however are not encouraging. This latest blow comes immediately after top *officials* of the 27 countries managed only the most meagre results at a halfway "stock-taking exercise," which in effect passed the buck to the less senior delegates who have been wrangling for the past week.

FINANCIAL TIMES REPORT

Monday July 19 1976

GOLD

The Gold market is suffering from continued uncertainty at price levels well below the end-1974 peaks. There are major unknown factors including the future impact of continuing sales by the International Monetary Fund and the extent of the support from central bank purchases.

The shine rubs off

By Michael Blanden

THE CLOSE attention which the gold market is paying to the series of International Monetary Fund auctions is a sign of the considerable change in the factors influencing the level of the gold price that has taken place over the past year. Political attitudes towards the metal and its role as an official reserve asset are playing a larger part in the market than they have for a period of several years, with the future balance between official sales and possible buying by central banks representing the most important single unknown factor over the market.

The impact of the two auctions carried out so far tended on balance to depress the price further. The outcome of the first IMF sale was felt to be slightly encouraging, with the price set at $126 an ounce. The optimists were helped by the substantial participation of the Bank for International Settlements and by the interest shown by France and Switzerland.

Last week's second auction, however, appeared to have proved disapointing to the market. The sale had been preceded by a period of weakness in the price. And though the outcome brought more than enough bids to support a common sale price in line with the market at $122.05, the news was followed by a further slide, taking the price below the $120 level. This compares with a peak of $195.5 an ounce reached around 18 months ago.

This is the somewhat ironical outcome of a series of moves which, at least in the eyes of their U.S. supporters, have been aimed mainly to take gold out of the official monetary system. In August last year it was decided that the official IMF price of gold would be abolished and that the Fund would reduce its holdings of the metal by restoring a sixth (25m. ounces or some 775 tonnes) to members and selling another sixth at market-related prices. The proceeds of the sales are to be used to set up a fund to help developing countries.

The initial impact of this agreement last year was to act as a depressing influence on the market. The possibility of an increase in the official price of gold, which for many years had acted as a spur to speculative buying of the metal, was removed. Uncertainty over the effect of a steady flow of official sales—by the IMF and perhaps including further unloading by the U.S.—contributed to the considerable drop in the price from its peak levels reached around the end of 1974. And the market's weakness increased with the confirmation of the IMF arrangements at the Jamaica meeting in January this year.

The first serious setback was the response to the official sales in the U.S. The price rises recorded in the latter part of 1974 owed a good deal to the prospect of an important new source of demand for bullion when U.S. citizens were allowed to buy in the new year. But the outcome of the change was disappointing. It became clear that US citizens were not natural hoarders of gold bars; what demand there has been has tended to be satisfied by gold coins, including Krugerrand, and the bullion dealers who had organised themselves to meet the new demand found little market for their services.

Response

The activity that has developed in the U.S. has been dominated by professional dealings rather than personal buying. And the point was underlined by the outcome of the first U.S. gold auction in January last year, when bids were received for less than half the 2m. ounces (some 60 tonnes) on offer, and those mainly from European sources. The second U.S. auction, of 500,000 ounces in June, brought a better response and made less impact on the market, but did not help to sustain the price.

About the same time, moreover, some of the bulls of gold who had been hoping that France, which had revalued its reserves to market-related prices, would help to support the price were disappointed when it became clear that this support could not be relied on. Coupled with the IMF moves, these incidents helped to take the steam out of the market.

They coincided, moreover, with a change in the balance of the market itself independently of the official developments. The boom in the gold price of 1973 and 1974 owed much of its buoyancy to the growth of speculative and investment buying of the metal. This demand is distinguished both from the industrial and jewellery uses of gold and from the traditional long-term hoarding demand of the Middle and Far East by being geared to making a reasonably quick profit out of price rises.

But last year the motives for this type of demand were greatly weakened. The prospect of a considerable reduction in the world-wide rate of inflation, coupled with the much better performance of stock markets and other alternative investment outlets, led to a sharp fall in investment and speculative buying.

The recent review of the market by Mr. Peter Fells of Consolidated Gold Fields, for example, suggested that after mid-1975 professional investment advisers and portfolio managers generally started to cut their gold holdings. "Typically, accounts which held 10 per cent. or even 20 per cent. of total assets in bullion have been reduced to a 5 per cent. holding or less."

The indications are that so far this year, investment buying has been negligible. Gold Fields reckoned that net bullion investment purchases totalled only 177 tonnes last year, only about a third of the 1974 figure; while Samuel Montagu estimated that speculative and investment holdings rose by about 220 tonnes in 1975, including stocks held in the warehouses of U.S. futures markets.

The decline in investment demand was enough in itself to upset the previous strength of the market in spite of changes elsewhere which might have been expected to help sustain the price. On one hand, the lower price levels led to a revival of other forms of demand. In particular, total demand for gold for fabrication purposes showed a sharp recovery last year from the depressed 1974 levels with Gold Fields putting the fabrication demand at 947 tonnes against only 735 tonnes.

This recovery owed a good deal to a revival of jewellery fabrication in the developing countries of the Middle and Far East, where jewellery is used as a store of value and forms part of hoarding. Many of these countries had been melting down jewellery in the previous year, but last year again absorbed substantial quantities.

On the other side of the market, the supply of metal available was again reduced. The total supply to the free market, Gold Fields calculated, dropped from 1,234 tonnes in 1974 to 1,100 tonnes. The main feature of this was the continued fall in the level of non-Communist mine production to 951 tonnes, its lowest since 1958. This decline is itself a reflection of the effect of earlier higher gold prices, particularly on South African output, which dropped for the fifth successive year to 708 tonnes.

With production capacity virtually fixed in the short term, increased prices encourage the profitable working of lower grade ores; and the continuing drop in the level of output has been one of the main factors which have encouraged the bulls of gold. At the same time last year, there was a rather unexpected fall in communist bloc sales of gold at 149 tonnes, against 220 tonnes in 1974.

Until recently it had begun to appear that the market had settled down in something like a new equilibrium, with investment demand still low but with the prospect of a continuing reasonable balance between supplies and the offtake.

Gold Fields suggested that industrial usage and jewellery fabrication in advanced countries would be able to absorb around 750 tonnes at current prices, with coins reasonably expected to take another 150 tonnes a year. This would leave some 500 tonnes to be absorbed by hoarding, investment and crude jewellery manufacture in developing countries, to match supplies expected to be running at around 1,400 tonnes a year for the next three years.

The two major unknowns in this equation, however, are investment buying and the role of central banks. Private investment interest in the metal could easily be revived if there is any sign of a renewal of higher rates of inflation even in some countries, and this would substantially change the balance.

Part of the irony of the recent monetary developments is that central banks and the IM[F] have an obvious interes[t in en]suring that the price of [gold is] not knocked too hard by sales. The way in which [the IMF] has handled its auctio[ns sug]gests that the authori[ties are] conscious of this point.

But the continuing [IMF] sales represents a [source] of uncertainty which the [market] is finding it difficult to [come to] terms with. The optim[ists are] hopeful that the interest [of cen]tral banks will encoura[ge them] to play a role in sustai[ning the] price, ultimately throug[h] participation at the auc[tions].

At present, the BIS ca[n in] principle only for [its own] account. But as Gold [Fields] pointed out: "once the [amend]ments of the articles o[f agree]ment of the IMF are [ratified,] national central banks [will be] legally entitled to make purchases from the BIS [and to] participate in the auc[tions in] their own right." But [for the] time being there does [not ap]pear to be a prospect [of much] excitement in the gold

Sluggish U.S. market

GOLD has unmistakably lost some of its glamour in the eyes of American buyers and speculators in the past year. It remains to be seen if this loss is permanent but it is certainly true that the heady days when there was talk of a gold price of around $300 seem a very long way away.

The marked lack of enthusiasm which greeted the first U.S. auction of gold 18 months ago when the 41-year-old ban on gold purchases by private citizens was revoked is now a matter of history. Since then the U.S. gold market has been sluggish, with occasional bursts of interest, and brief upward movements to disturb what look overall like a definite downward price trend.

There appears to be no specific reason for this relative lack of interest. To begin with it was ascribed to the high price at which the metal was originally offered, but this has been falling and demand does not seem to have picked up as much as the gold sale enthusiasts predicted. The relative improvement of the U.S. economy and the easing of inflation may also have engendered a more sanguine view of the future and reduced the appeal of gold as a hedge against disaster.

Symbol

But there is also the fact that gold is slowly losing its position at the heart of the world monetary system. The recent IMF gold sale was the most obvious example of this and a clear symbol of the Fund's oft-stated determination to move away from gold. It went smoothly, with the gold being sold at a common price very close to the then market price.

The U.S. gold market, like others around the world, largely discounted in advance the effect of this first sale, which caused scarcely a ripple on the market. But in talking to the experts it is possible to detect some indications that, as the sales continue, the effects may be more noticeable.

One of the leading prophets of caution is Mr. Edward Bernstein, a former IMF official. He said recently that no action to restore the price of gold, short of restoring a new fixed monetary price, is likely to succeed. It goes without saying that the current determination to move away from gold in international settlements makes the establishment of such a floor price very unlikely.

What Mr. Bernstein fears is that many of the speculators who have built up such large holdings of gold in the past four years may all come to the conclusion at the same time that the gold price is not going to rise, and may fall. This could touch off a wave of selling which could in turn bring the price down still further. If this happens, he says, even a hurried market-propping intervention by central government might have little effect.

Experts note that there remains a considerable industrial demand for gold and some point out that in the last economic boom part of the reason for the increase in the gold price was the fact that industrial users were taking all the gold available.

It is this—and the viewing of gold as just another commodity—that the Americans are more than ever anxious to encourage, which is one of the reasons why they have so assiduously backed the IMF gold sales and other measures to reduce the international role of the commodity. It is also this which leads some Treasury folk to feel that gold is not likely to slip too far in price because of the underlying demand.

On the other hand they tend also not to see a sharp rise in the medium-term and they share the view that once gold were to go above $130 this could trigger a wave of Soviet selling since the Russians need foreign exchange and are widely thought to have been holding off selling while the price is where it currently stands.

The U.S. has not itself held a gold auction now for more than a year and although auctions are not announced in advance anyway there are no signs that one is being planned in the near future. One reason for this is that the first two sales—in January and June last year—were not very successful, but a more important factor is that U.S. gold sales are carefully co-ordinated with those of the IMF and it is unlikely that the U.S. would want to sell gold at least until the IMF auction pattern is a little clearer.

Gold continues to be traded on five commodity exchanges in the U.S., chiefly in New York and Chicago, and Americans are also able to trade legally on the Winnipeg exchange in Canada. But U.S. banks appear to have taken very little direct interest in the first of the IMF gold auctions which took place in May. Only Republic National Bank, which has traditionally had a major interest in the metal, bought in any quantity and even then it only purchased some 6.2 per cent. of the gold sold.

Wistfully

Most traders look back wistfully to the days in 1973 when business was running as much as four times greater than it is now. Neither New York nor Chicago has very much business and both centres report that speculative interest in the commodity is almost non-existent.

This is partly ascribed to the success of the international monetary authorities de-emphasising gold, but more to the "overhang" effect of the IMF and U.S. gold auctions. Dealers say that these have so dampened interest in the gold market that they feel that prices are likely to drift a little lower in the next few months.

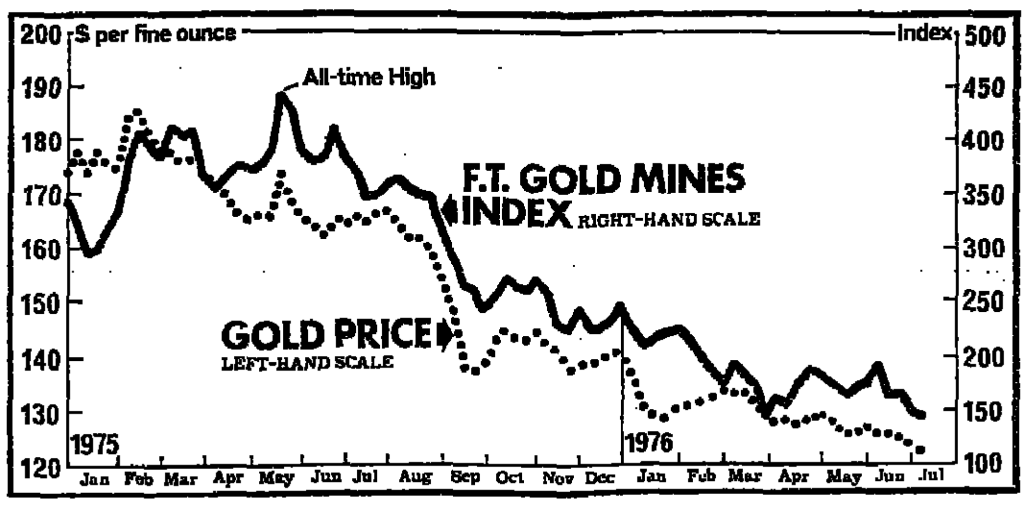
Like the Treasury, however, they draw attention to the residual demand for gold from the industrial sector and they are also well aware that the picture could change sharply with an increase in inflation or if a feeling were to emerge that supplies from South Africa might in some way be threatened. The recent troubles there have had little effect on sentiment in New York but they have drawn attention to what some dealers see as the long-term vulnerability of gold supplies. Developments [in South] Africa are likely to be [watched] much more closely [in the United] States then heretofore.

Last week the South [African] Finance Minister told [an] audience that he felt [the] success of the first IMF [auction] indicated that a floor p[rice for] gold may have been [reached] and that in due cou[rse the] price "will resume its [upward] trend." But even he wa[s careful] to add that central ba[nks and] the developing countr[ies to] whom the gold is bei[ng sold] all have an interest in [en]suring that gold does not [fall in] price and that it w[ould be] "possible for central b[anks to] support the market at [relatively] little cost."

It remains to be se[en what] attitude central banks [take] as the IMF auctions c[ontinue]. The Bank for Internati[onal Set]tlements bid for muc[h of the] gold at the first auctio[n and] was awarded and pre[sumably] will not lose its inter[est]. American gold holde[rs, par]ticularly those sp[eculators] who may have take[n] a large paper loss [in the] past year, will be [watch]ing closely for signs t[hat cen]tral banks do not m[ind] much where the price [goes].

If they think that is [the atti]tude prevailing they c[ould de]cide to liquidate their [holdings] sooner rather than la[ter and] that could in turn cau[se prices] to fall. It is tha[t which] really worries U.S. gol[d dealers] and developments [will be] watched very closely [in the] months ahead.

Davi[d]



Leaner times for S. African mines

AFRICA is far and ; biggest producer of the non-Communist d is likely to stay that ng any major domestic But the Republic's oduction has been falling as few new ive come along to re- fading veterans, sev- hich started life at the he century.

the price of gold to close on $200 per oz South Africa's produc- e yellow metal dropped to 758.5 tonnes from nes in 1973. Last year urther fall to 708.1 ne lowest for 14 years. nd largest source of luction is provided by ively high cost mines America which turned tonnes last year. Total nunist world output amounted to 940 compared with 1,000 1974 and 1,101 tonnes

lly, the advance in the e during 1974 proved ything but a stimulus production in South ecause it provided the ity for many mines to nore of the low-grade h had been previously nic to treat. The result while production of fully maintained, and icreased, its reduced gold content was re- a lower metal produc-

same time the rise in e of gold was still to provide sharply profits for the mines. h is the effect of gear- those producers which riously in the marginal ategory, such as East oprietary and Durban ored the greatest per- advance in earnings. quently, working profits outh African producers rose by a further 63 per a record R1.57bn. (or to-day's exchange rates). picture changed with 's reversal in the bullion hile gross income from es fell, mine working ntinued their inexorable and production suffered evere shortage of Black which reflected the dry- f the traditional migrant from Malawi and que. Working profits to R1.34bn. would have been more hit but for the boost to proceeds of gold sales provided by the 17.9 devaluation of the rand the U.S. dollar in Sep- The benefits of this, are now being eroded ontinuing rise in work- . A major factor in this been the higher pay to the Black miners, a which together with l recruitment within South Africa has largely solved the labour shortage.

Still to be resolved, however, is the problem of the demand by White miners for a five-day working week. After protracted talks the Mine Workers' Union has agreed that in return for the shorter working week there should be a measure of job advancement for the Blacks. So far, however, the White artisans' Federation of Mining Unions has failed to agree on the Black advancement issue and has decided to continue with six days a week working.

Given a satisfactory solution to this problem, there is reason to hope that the Republic's gold production may at last level out this year. Already there has been a reversal of the trend towards working lower grade ores and expansion programmes are in hand at some mines. But no major new mines are due to come to production before the Union Corporation - Selection Trust groups' Unisel starts up in 1978: it will be followed by Consolidated Gold Fields' Deelkraal in 1980 and the Anglo American group's Elandsrand in 1981.

Having a bearing on both production and earnings of the mines has been the move towards a more efficient use of labour. Before last year's sudden shortage, the mines had tended to be extravagant in their use of an abundant supply of cheap labour. Nowadays with labour neither abundant nor cheap the attitude has changed and the mines particularly want Blacks to be allowed into the higher job categories.

Dream

Increased mechanisation and improved mining methods are also being applied in the fight against rising costs. Still far away, however, is the gold miner's dream of doing away with underground blasting. Its main disadvantages are the reduction of time spent at the working face and the dilution of ore with waste rock.

Progress has been made with the development of machines which would cut out the gold bearing reef and on a continuous basis. This would mean that mill-ore grades would rise substantially and a greater amount of gold-bearing ore could be hoisted to the distant surface. But, South Africa's quartzite rock does not easily yield to persuasion.

Nor, for that matter, are U.K. investors yet ready to yield to any pursuasive comment that with the Gold Mines index now in the 120's compared with the record 442.3 reached in May last year, it is yet time to buy. Admittedly, the gold share market has learned to live with South Africa's underlying political uncertainties—albeit on a "cry wolf" basis—but it has not been forgotten that it took a good six months for share prices to stop their fall after the Sharpeville rioting of March, 1960.

The recent Soweto troubles are more unnerving from an investment point of view in that they occur at a time of growing hostility towards South Africa on the part of her Left-wing neighbours. While direct confrontation appears to be only a remote possibility, guerilla infiltration and terrorist activity seem likely to increase.

Mine earnings have been falling in line with the gold price this year and sharply reduced dividends have been the order of the day. Several marginal producers have had to fall back upon the State aid scheme, which is likely to be tightened up now. Future aid will go only to those producers which can increase output and hold out the prospect of returning to profitability.

For the still prosperous mines there is now the heavier burden of taxation to be carried. The April budget raised the surcharge payable by the gold mines from 5 per cent. to 10 per cent. and lifted the loan levy (which need not be repaid by the Government for seven years) from 5 per cent. to 15 per cent. These charges are applied to the basic tax arrived at under the mines' sliding scale formulae. It means that total tax and lease payments previously made to the State of between 62 per cent. and 68 per cent. of profits now move up to a range of 68 per cent. to 76 per cent.

Another dampening factor from the point of the U.K. investors remains the surrender of 25 per cent. of the dollar premium in the price of an overseas share when it is sold. This has severely restricted the London market in Gold shares to the point at which there are now only two firms of jobbers dealing in them. Indeed, one of these firms is now thinking of pulling out.

Despite the various bearish factors, it would be a brave, or foolhardy, investor who would write off gold and gold shares. Growing industrial demand for the metal, quite apart from monetary considerations in a world which has far from conquered inflation, suggests that despite the continuing International Monetary Fund sales the price of gold may have neared its nadir and that a steady recovery is in prospect.

Dividend yields are now running into double figures—and are more attractive to the sizeable following of non-premium paying investors—and many of the gold mines are now enjoying a reviving market for their by-product uranium. Given a settling of the political dust stirred up by the Soweto riots and a rise in the gold price, South African Gold shares could stage a recovery before the year is out.

Kenneth Marston
Mining Editor

Coin demand negligible

FOR THE PRIVATE investor in the U.K. gold has virtually ceased to exist as a popular investment medium over the past 18 months. Whereas in late 1974 a host of dealers in gold coins crept from the rafters to unload their stocks on to a panic-stricken public, the stalwarts who remain in the field report that at the moment there is negligible demand for the once popular Krugerrand and there is a similar malaise in the "old" and "new" sovereign markets.

Where old sovereigns are concerned any demand that has appeared has come from the jewellery business and the Krugerrand (which hit a peak of £100 a coin in late 1974) now retails domestically at around £70—very little different from the international level and representing only a slight premium on the gold content of the coin. Krugerrands tend to be used as a rule of thumb in this market for they have no value for collectors and at 1 oz. of fine gold per coin are strictly comparable to the gold price and are as close to holding bullion as a U.K. investor can get.

Perhaps the greatest motive for going into gold as an investment was "fear." In that in the inflationary conditions of 1974 there was a feeling on the part of many investors that the traditional forms of protection such as equities and property had become no better than fixed interest at warding off the dwindling purchasing power of paper money. Worse still, with equity and property markets in a parlous state everywhere it seemed as if total collapse might not be far round the corner. This was where gold came in from the wings as the one ultimate (and transportable) store of value.

Susceptible

The fever reached its highest just as world stock markets were on the turn and a sharp downward kick came with the first of the U.S. Treasury's gold sales, in January, 1975. Far from being a sell-out as everyone predicted, the sale proved that the U.S. citizen was relatively uninterested in holding gold as an investment and was susceptible to the anti-gold propaganda of his Government.

From then on the rot set in with the pick-up in stock markets and gradually the institutions (which had been big holders of gold as a "hedge") began to pull out. There was a brief revival of interest in the U.K. when the Government put the bar up against fresh imports of Krugerrands — leading to a brief premium for the price of domestic coins—but this quickly died down and the prices of U.K. coins are now broadly comparable to those elsewhere.

Since then the International Monetary Fund has been an unsettling influence on the market ever since it announced, in August, 1975, that it intended to sell one sixth of its bullion holdings for the benefit of the developing nations — 25m. oz. altogether in six-weekly intervals over a four-year period.

Naturally a great deal of the interest in coins has centred on the results of the IMF sales, since the price of coins tends to march hand-in-hand with the bullion price. So far all one can say is that insufficient sales have taken place to enable an accurate assessment to be made. Last month the first sale of 780,000 ozs produced 28 bids ranging from $105 to $134 per oz and the price was eventually fixed at $126. It was also true that the offer was oversubscribed. But hopes that this would fix a floor of $126 to the gold price proved premature. After a swift bounce to $127, the price fell away during the following month to $122.5 before the second IMF sale last Wednesday.

There were no signs of pessimism among U.K. coin dealers ahead of the sale. It was felt there would be an overspill effect from the previous sale and that the strong evidence of continuing professional interest was encouraging. After all, it was argued, if the professionals really felt that the price of gold was going to fall, they could have held off at the first auction. This sounds reasonable enough, but the problem is that each successful sale provides a fresh test of the gold price, which rattles the private individual if not the professional. In the event, although the record sale was successful in that all the gold on offer was disposed of at $122.05, the price of gold has subsequently drifted downwards.

Weighed

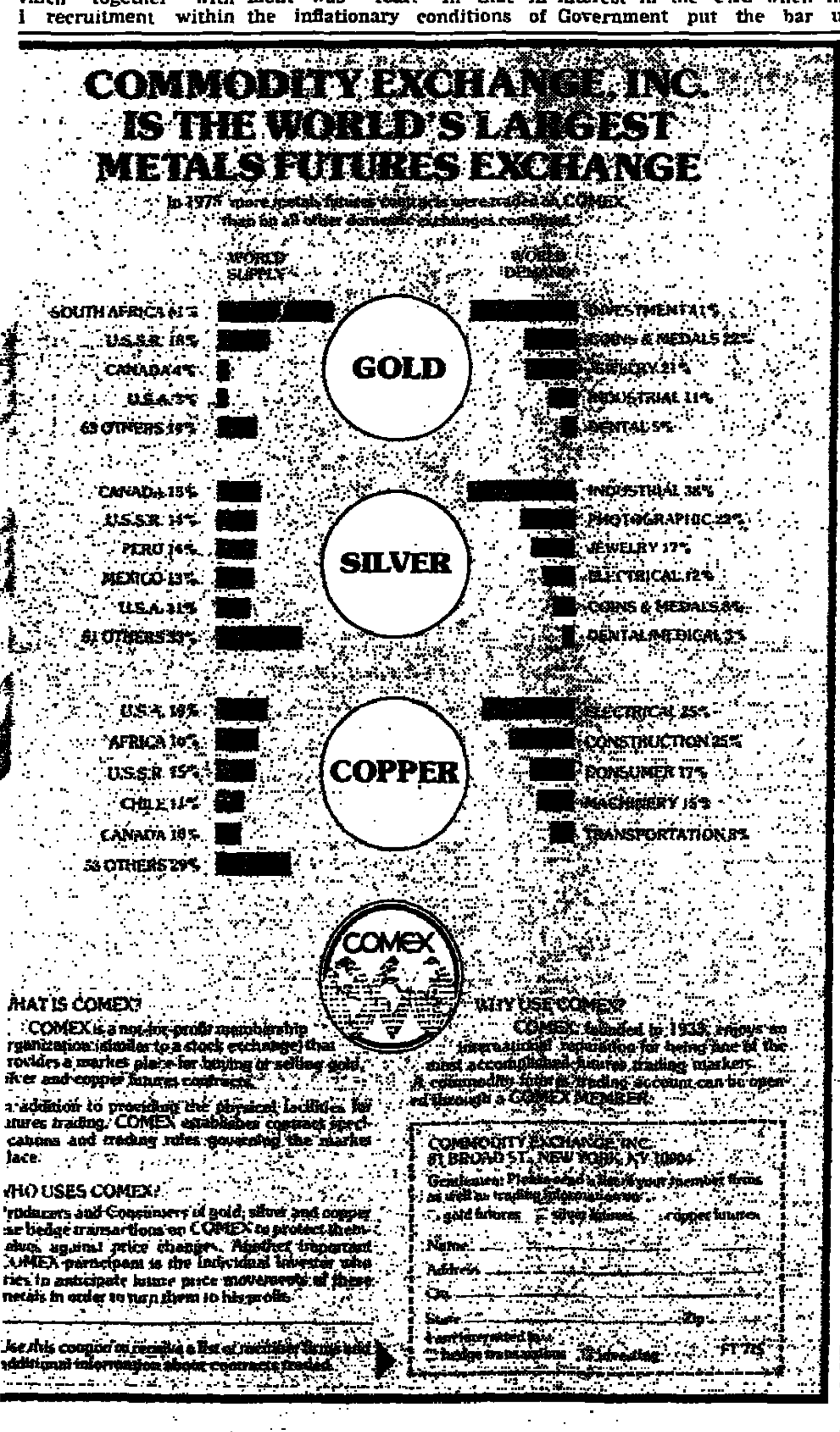
The point is that at present there is insufficient incentive for individuals to use gold as the "funk hole" which it has been aptly described. While it is true that the renewed currency crisis should have improved the appeal of gold, the other factors have weighed more in the balance. Even in the U.K. inflation seems to be coming down and it would need worries about fresh inflationary pressures on a world-wide scale to re-establish gold coins as a prime investment for the average investor. Meanwhile there are greater attractions in equity and commodity markets.

This is not to say that gold may not have its day again. Investors are more prone to take a short-term view of their holdings than once was the case and the South African Chamber of Mines (admittedly with an axe to grind) takes a relatively optimistic view in a recent encyclical. Apart from pointing to an upsurge in the industrial demand for gold and a renewal of "hoarder" demand in the Far East, it rams home the fact that despite all the problems in the U.K., the U.S. and (more recently) in West Germany, sales of Krugerrands actually increased by 50 per cent. in 1975. But it is likely that the monthly trends are more significant and in its latest marketing efforts with the R2 coin—with a limited annual mintage—South Africa is openly trying for a numismatic value.

So where does this leave the U.K. investor? Many professional advisers made the useful point when Krugerrands were best managed by professionals in their heyday that they were as a flexible part of a larger portfolio. Of course sometimes the professionals were no wiser than individuals but on the whole it has proved correct that more individuals have lost by buying gold coins for short-term reasons than have gained. The devaluation of sterling has helped out the sterling value of krugerrands recently but the coin area has been relatively unexciting.

Remembering that investors need to buy at least 10 coins in order to be able to sell them back at the prices quoted in newspapers, I feel that gold coins are for either the investor who wants to take a definite view in quantity or to hold a few as a long-term insurance. But for the former there are more exciting hunting grounds at the moment in the various commodity fields.

Christopher Hill



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TRANSPORT

Battery bus makes quiet progress

NEWS THAT an Australian company has developed and is ready to build a battery-electric bus for inner city and airport use adds piquancy to the present apparent impasse between the DoI, which is doubtful about the *economics* of such vehicles, and city authorities, who are enthusiastic precisely about those qualities which can never be captured on a costing chart—silence and freedom from pollution—and also are becoming convinced that the economics will compare favourably with those of diesel-engined vehicles.

Australia's development has been christened the "Townobile" and is a lightweight vehicle intended to carry 48 seated and 68 standing passengers at peak times. It uses a "modular" battery pack weighing 1 tonne which would give a running time of 3-4 hours and top speeds of 60 km. per hour.

Length is 12.2 metres, width *2.5 metres and height 2.54 metres* and air suspension is used on all four wheels, the rear two being driven, each by its own electric motor.

Body material is high tensile zinc-coated steel which should give three times the life of a conventional unit or 30 years. Moulded fibreglass seats, a flat floor, wide double doors and electric braking are other characteristics.

It will cost 1½ times the price of a diesel equivalent, but its sponsors expect it to halve the running costs of bus transport. *Furthermore, when sodium-sulphur batteries become available* generally in four to five years, running time on a single charge is expected to rise to five times the present level.

The Senior Trade Commissioner, Commercial Branch, Australian High Commission, Australia House, Strand, London WC2B 4LA is handling inquiries concerning this interesting development.

Meanwhile, Silent Rider, the battery bus which has been operating very successfully in the Greater Manchester area, is going *on a trial service run for a protracted period around the Oldham area.* It is understood that the operators are convinced on the all-important question of whether or not maintenance charges are less than comparable ic engined vehicles, which is precisely the point at which DoI parts company with them.

The bone of contention appears to be a recently issued report containing a detailed analysis of the operational performance of two small buses run by DoI through 12 operators in 14 towns and cities in the period 13/3/72 to 5/10/74.

But the report does say specifically that the data it contains on defect rates and availability bear "little relevance to a production vehicle" and that the report should not be taken as a statement by DoI of its policy towards battery buses, that it is not capable of extrapolation to judge electric vehicles as a class or as a basis for judging all electric buses.

It is interesting that many people who could have been expected to know of its existence did not know until recently either that the project was DOI backed or that it was in fact running.

It originated in an inquiry from Leeds City Transport (now West Yorkshire Passenger Transport Executive) and Crompton Electricars was involved. Later the DoI decided that specialist construction of such vehicles was too high a risk for the "relatively small battery road vehicle industry" and took sponsorship on its broad shoulders.

Two 26-seater vehicles were *manufactured and run as indicated* above on a duty cycle of 55km. for an 80 per cent. battery discharge and a non-stop range of 110 km. Fully laden speed was 37 kph: much less than the *Australian prototype.*

The battery bus saga is thus far from ended, especially as Lucas and Philips are understood to be discussing projects in this area. Philips already has wide experience of operating low-pollution, low-noise Stirling engined buses, but it is not suggested that the discussions concern a combination of the two.

"Battery Electric Bus Project." DoI, G. W. Wicken, Vehicles Division, Abell House, John Islip Street, London SW1P 4LN. (01-211 4411.)

● TELEVISION

By moon or starlight

THE CLOSED circuit television camera business now seems to have reached the point where it is possible to offer a camera that will provide a good picture by moonlight, and yet another that will do so in starlight.

Model 3110 introduced at a recent London exhibition by Ernest Ireland (Electronics) makes use of an RCA intensified *silicon-intensified target (ISIT)* which provides pictures over a scene illumination range of 100,000 down to 100,00th of a lux. It covers this range, effectively from full sunlight to starlight conditions, without any manual resetting. Except at the very lowest levels the equipment provides "snow-free" pictures.

The other model, 3220, uses a *silicon-intensified target and the* sensitivity is ten times less. Both can work from mains or 12 v to order. Weight is 4.5 and 4.0 kg. respectively.

Apart from the obvious military and para-military uses, application is expected at prisons, ports, power stations, refineries and similar installations. More from Lower Bristol Road, Bath, Avon (0225 28441).

● MATERIALS

Close look at asbestos

FULMER Research has published a report entitled Asbestos—*Characteristics, Applications and* Alternatives. It examines applications of asbestos and assesses the alternative materials which are available.

However, asbestos possesses *unique properties, fully described* in the report, which make the identification of a universal alternative impossible. Many products can be made from existing fibre-based substitutes, but a *cost penalty usually results, and* the properties of such materials are sometimes inferior to those of asbestos.

Certain specialised applications remain where no reasonable alternative is yet available. Moreover, the health hazards associated with fibres other than asbestos have not yet been evaluated with any certainty.

The report concludes that although the quantity of asbestos consumed can be reduced it is unlikely that its use can be completely eliminated. Even if further production of asbestos products were to be banned, a *handling problem would still* occur with existing installations. There is thus a need for education regarding the hazards, and the strict enforcement of safety regulations.

Fulmer Research, Stoke Poges, Slough SL2 4QD. Fulmer 2181.

● PROCESSES

Drive for boxboard giant

ASEA has delivered via AB Electro-Invest, in which it has a 50 per cent. shareholding, the sectional drive for the new folding boxboard machine in the Fors Board Mill of Kopparfors AB, Sweden.

The Tampella board machine, believed to be the largest of its kind in the world, has a wire width of 6 metres and a maximum design speed of 500 m/min. It produces folding boxboard in the basis weight range 110 to 350 g/sq. metre.

The machine, which also includes a Wärtsilä on-line coater, has 24 speed-controlled sections. The installation of the new board machine will give the Fors Board Mill an annual production capacity of 170,000 tonnes, thus making it the largest producer of folding boxboard in Scandinavia.

ASEA at 41, Strand, London, WC2N 5JX. (01-930 5411.)

● METALWORKING

Updates existing NC units

RETRO-FIT packages are announced by Cincinnati Milacron for their range of NC and *computer based systems.* The packages are designed so that any control from the current Acramatic range can be interfaced with most existing machine tools.

There are two basic types of package. One is based on a programmable controller for machines which have a resolver or an Inductosyn type of measuring system and the second is *for use with the Ferranti optical* measuring system.

One result will be that users of NC machines which are now over ten years old will be able to introduce the latest techniques at a fraction of the cost of a completely new installation. Facilities then becoming available will include simplified programming, optimisation of part-program cycle times, and tape *editing at the machine.* More from Caxton Road, Bedford MK41 0HT (0234 45221).

THE Post Office has started to dispense with the dipsticks of its huge van fleet in favour of changing sump oil every time fuel is put in—once or twice daily.

When a van goes to the derv or petrol pump the driver connects an extension hose from the drain plug of the sump to the side of the passenger seat to an oil pump-reservoir by means of a snap on valve. The sump oil is drawn out under vacuum into one tank and replaced with filtered oil from another. Oil quality is regularly maintained.

Changing sump oil takes very little, if any greater time than refuelling. Two minutes is the average for a sump capacity of one gallon.

The oil in the reservoir is continuously filtered through a two micron element changed every three months—and no engine filters (usually of 25 microns) are necessary.

This highly original solution to problems of inflated oil prices and parts and labour costs on maintenance was worked out by Mr. Stan Riches, head of the motor transport group of the Midlands Postal Board and a team of engineers at Corby central vehicle depot who built prototype equipment. It is in operation at Worcester post office which operates a fleet of 55 vehicles.

Since mid-February only 12 gallons of oil have been used to replenish the reservoir. Normally each vehicle would use a pint of oil a week and have a complete sump change every three months. For used oil sold to refiners the Post Office gets about 6p a gallon.

Mr. Riches's parish extends from the east coast across mid-England to the Welsh border and he is responsible for a fleet of 4,700 vehicles. Every year he expects to have to replace 250 engines damaged by oil shortage.

Extending the savings being made at Worcester, Mr. Riches believes it should be possible to save around £127,000 a year on fleet maintenance at a cost of a few units each costing around £500.

This comprises £15,000 savings on filters and labour in changing them: £12,000 on engine oil; and £100,000 on engines—a total of about 10 per cent. of the region's £1.3m. maintenance budget. The Post Office is considering licencing manufacture of the unit.

PETER CARTWRIGHT

Disc pact for £8m.

PERTEC International's parent company in the U.S. has come to an agreement with Univac under which the latter may take as much as £8m. worth of Pertec D3000 disc drives over the next five years.

This is excellent news for Pertec, whose turnover this fiscal year is expected to be in the region of $90m. worldwide.

Meanwhile, Pertec has acquired Icom Inc., a specialist in the design and production of support systems, including peripherals, for microcomputers.

Pertec recently acquired Computer Machinery Corp. and is rapidly enhancing its coverage of the peripherals area.

Pertec International, 10 Portman Road, Reading, Berks. Reading (0734) 582115.

● COMPUTERS

Register to boost the profits

DECIMO of Bedford, continuing to push its cash register image following the success of the Vatman calculator campaign, has announced another version of the Vatman Cashier, the series 150.

Made in Japan by Tokyo Electric, the machines offer a degree of sales analysis which, coupled with a knowledge of the space allocation to various lines on the shelves, should enable profits to be maximised, states the company.

There are 10 analysis keys for different ranges or categories of goods. This means that fast or slow moving lines can be monitored over a period with the machine printing out an end-of-day analysis both in money taken on each total and the number of items sold.

The machine, otherwise similar to the Cashier introduced in April can also keep track of the sales of four different assistants as they come on and off duty. Prices start at £395. More from 10, Chobham Street, Luton, Beds (0582 38381).

● ELECTRONI

Simplifies TV design

FERRANTI is offering integrated circuit as ... nising pulse generator ... CCTV, security ... other professional TV ... tions.

Contained in a 16 in-line package the ZN ... complete system, requ... a single 5 volt supply.

It generates all the ... vertical, mixed blan... synchronising pulses ... for faster generation ... 525 line commercial ... or military TV system ... be supplied to operate ... military temperature r...

Ferranti, Gem Mill, ... ton, Oldham 09 8NP ... 0515.)

Modules specify range

OVER 100 different modules are available i... tion with strip chart ... M400 put on the m... Channel Electronics.

Full scale sensitivi... mV, and the modules ... instrument to measu... DC parameters and ... perature, pressure, RP... flow and other ... Options include interc... signal conditioners, ... scales and a complete ... gear boxes providi... speeds from ½ in/hr to ...

The instrument, wh... on 2½ in wide pressure ... paper to avoid the ... associated with ink, ... 152 x 143 x 92 mm a... 1.8 kg. More from th... at Cradle Hill Industr... Seaford, Sussex B... (0323 894961.)

COMPANY NOTICES

J. LYONS & COMPANY LIMITED (CDRs)

The undersigned announces that as from 7.15.76 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div.co.no.7 of the CDRs J. LYONS & COMPANY LIMITED 7% CONV.RED.CUM.PREF. each repr. 50 shs. and 500 shs. will be payable with Dfls. 5.55 resp. Dfls. 55.50 (re period 1.15.76-7.14.76, being 2.275p per share). Tax credit £0.6125 = Dfls. 2.99 per CDR à 50 shs. Tax credit £6.1250 = Dfls. 29.92 per CDR à 500 shs. Non-British CDR-holders will not be entitled to receive the benefit of this imputed tax credit as long as the tax convention between their country and the U.K. has not been brought into accordance with the Finance Act 1972 of the United Kingdom.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, July 13th, 1976.

G. DEW AND COMPANY LIMITED

Connaught St. Michaels Limited, PO Box 30, Cresta House, Alma Street, Luton, Beds., have been appointed registrars to the above Company with effect from 19th July, 1976.

DECCA LIMITED

NOTICE IS HEREBY GIVEN that the transfer books of the 3½% Cumulative Preference shares will be CLOSED on the 9th and 10th August, 1976, both days inclusive, for the preparation of Dividend warrants payable on 31st August, 1976.

By Order of the Board. W. L. SPALDING, Secretary.

Decca House, 9, Albert Embankment, London, S.E.1 7SW. 16th July, 1976.

VICKERS LIMITED

NOTICE IS HEREBY GIVEN that, in respect of registered holders of the Company's Preferred 5% Stock, 5% Preference Stock and Cumulative Preference Stock as at the close of business on 31st August 1976, warrants for interim dividends in respect of the year 1976 will be posted on 1st October 1976, the respective REGISTERS OF MEMBERS will not however be closed for the preparation of such warrants.

BY ORDER OF THE BOARD H. E. Scrope. Secretary.

LEGAL NOTICES

No. 002292 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of PASAVALE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was, on the 14th day of July 1976, presented to the said Court by SALTER & BARNES LIMITED, in voluntary liquidation, whose registered office is situate at 76 New Cavendish Street, London W1M 8AH, by Ian Phillips of 76 New Cavendish Street, London W1M 8AH, a chartered accountant, the liquidator thereof, a creditor, and that the said Petition is directed to be heard before *the Court sitting at the Royal Courts* of Justice, Strand, London WC2A 2LL, on the 4th day of October 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

TRINGHAMS,
3 Wyndham Place,
Bryanston Square,
London W1H 2AT.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his *intention so to do. The notice must state* the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than *four o'clock in the afternoon of the* 1st day of October 1976.

CONTRACTS AND TENDERS

UNITED ARAB EMIRATES

Ministry of Electricity and Water
P.O. Box 1672, Dubai

The Ministry of Electricity and Water for the United Arab Emirates invites Tenders for the following works:—

Tender No N4250 Specification No 22.2/846

Main Civil Works for the Federal Power Station and Desalination Plant (3 x 30 MW + 3 x 3 MGPD) to be constructed at Hamriyyah near Umm-Al-Quwain. The works include piling, foundations, structural steelwork and cladding to the main building; desalination plant foundation; *control, workshop, office complex and other ancillary* buildings; pumphouse, on shore and off shore culverts, fuel oil tanker unloading facilities including deep water unloading berth and shore arm; roads and boundary wall including road and area lighting; site services including sewage treatment plant, and foundations and bunds for oil and water *storage tanks.*

Applications for Tender Documents should be made during normal office hours at The Ministry's offices in Dubai in the U.A.E. or at the U.A.E. Embassy in London. Only firms who have experience in similar projects should apply. Each tender fee is Dirhams 2,500 if collected in the U.A.E. or £300 sterling if collected in London payable in cash only and is not refundable. The tender documents will be in three volumes. Volume 1 (Instructions to Tenderers, Conditions of Contract, Programme and brief description of the Works) will be available for collection from 26th July, 1976, to enable Tenderers to make preparations for completion of their tenders within the tender period which will not be extended. Volumes 2 and 3 (Specification, Bills of Quantities and Schedules) and the Drawings will be available for collection from 4th September until 14th October, 1976.

Tenders must be valid for 90 days.

Tenders must be accompanied by a bid bond in the form of an unconditional Bank Guarantee of Dh 13,000,000 (13 million) valid for 120 days. The successful tenderer will be required to replace this with a Performance Bond equal to 10 per cent of the Total Contract Sum for the period of the Contract. The Tender Documents must be complete and submitted in quadruplicate. Each copy shall be enclosed in a plain envelope not bearing any identification of the Tenderer and marked only on the outside with the Tender Number and Title 'Main Civil Works'.

Four copies shall be addressed and delivered to:—

His Excellency The Chairman
The Permanent Committee for Projects
Ministry of Planning,
P.O. Box 2847
ABU DHABI,
U.A.E.

Tenders must be received not later than 17.00 hours on 31st October, 1976.

This advertisement is a complementary part of the Tender Document.

The Contract is programmed so that the Plant Contractors shall have access to site to commence erection in the summer of 1977 to enable plant commercial service requirements to be met.

Abdulla Bin Humaid Al Qassimi
Minister

PEOPLE'S REPUBLIC OF THE CONGO

AGENCE TRANSCONGOLAISE DES COMMUNICATIONS

INTERNATIONAL CALL FOR TENDERS

LOT No. 5: SUPPLY OF RAILS

The AGENCE TRANSCONGOLAISE DES COMMUNICATIONS is calling for tenders for supply of rails for the construction of the realignment of the CONGO OCEAN RAILWAYS between FOURASTIE and LOUBOMO on 88 Km.

The finance of this supply is provided par "AFRICAN DEVELOPMENT BANK" (Loan No. CS/CB-TR-76-005).

Documents for bids will be sent by air mail on demand directed to:

AGENCE TRANSCONGOLAISE DES COMMUNICATIONS - B.P. 670
POINTE-NOIRE
(People's Republic of Congo)

—Bids close on November 1st, 1976.

REPUBLIC OF CYPRUS

MINISTRY OF AGRICULTURE AND NATURAL RESOURCES
WATER DEVELOPMENT DEPARTMEN
PAPHOS IRRIGATION PROJECT
EQUIPMENT CONTRACTS 39/76/25

The Water Development Department invites fi... tenders for the following supply contracts:—

No. S.20 — Soil-concrete Laboratory Equipment
Soil-water Laboratory Equipment
No. S.21 — Survey Equipment
No. S.22 — 1 Truck, 1 Mobile Crane, 4 Pick-up dou... 2 Station Wagons, 8 Land-Rovers.

The Government of Cyprus has received a loan ... World Bank towards the cost of the Paphos Irrigation ...

Only tenders from member counries of the Inte... Bank for Reconstruction and Development and Switzer... be considered.

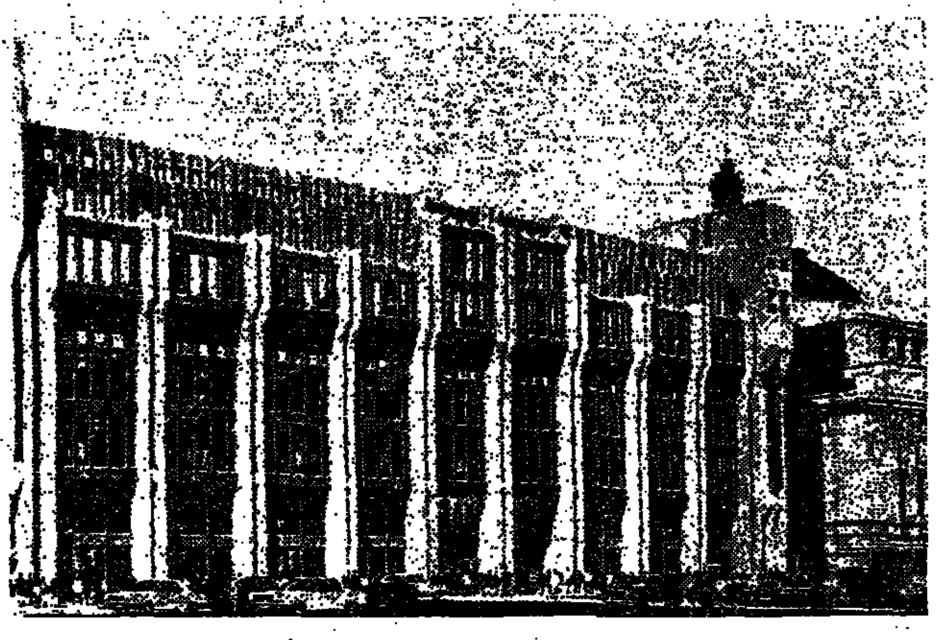
Tender documents and specifications are availa... the Water Development Department, Nicosia, Cyprus, ... all Embassies of the Republic of Cyprus abroad.

Tenders must be received by 11 a.m. (local t... Saturday, 11th September, 1976.

For further information tenderers are requested ... to the Water Development Department, Nicosia, Cy... Nicosia, 3rd July, 1976.

Building and Civil Engineering

...½m. London office block



...contract worth about ...ollope and Colls has ...construction of a ...fices in Tothill Street, ...W.1. for Holloways

...mpleted, the building ...nsists of basement, ...seven floors, will give ...s floor area of 278,000 square feet. Elevations will be clad principally in anodised *aluminium double glazed curtain* walling but the corner staircases are to be in Portland stone. Additionally the columns facing Tothill Street—the facade—will feature cladding of Portland stone-faced precast concrete units.

Internally, the building is to be fully air conditioned with mineral *tile suspended ceilings*, vinyl cloth covering to the walls and varying floor finishes. A banking hall is to be provided, at the east of the ground floor and basement.

Architects for this project are *Chapman Taylor Partners.*

£5m. waste water plant

ONE OF the largest contracts for a mechanical and electrical municipal waste water treatment plant awarded in the U.K. has been won by Hawker Siddeley Water Engineering.

Worth over £5m. the contract is for a Southern Water Authority water purification and sludge treatment plant at Peel Common, Fareham, Hants. The plant will be constructed in two phases, the first phase by 1979 and the whole installation completed by 1980/81.

The plant will initially serve a population of 235,000 increasing *to 470,000 by the mid-1980s* and ultimately catering for 940,000 people.

Hospital services

Andrews-Weatherfoil, part of the Powell Duffryn Group, has won a contract worth nearly £3m. for the provision of mechanical services, plumbing and air-conditioning in the Bangor District General Hospital, Bangor in North Wales. It is being built for the Welsh Health Technical Services Organisation and overall responsibility and design is by the Hospital Design Consortium *comprising architects* S. W. Milburn and Partners, quantity surveyors W. T. Hills and consulting engineers W. S. Atkins. Main contractor is Kyle Stewart.

...ing flows, aeration and lime treatment of the effluent will all be under the automatic control routine.

£2m. water projects

JOHN Laing Construction, Engineering Division, has just started work on contracts totalling over £2m. from the North West Water Authority.

The larger contract, worth over £1m., is for the construction of an intake, works and pumping station on the River Wyre at Garstang, Lancs. Construction will be of in situ concrete with the pumping station mainly below ground adjacent to the river and the intake structure and control weir in the river itself.

£3¼m. homes for council estates

TWO CONTRACTS together *worth £3.25m. to build council* estates in Stockport and Nottingham, have been awarded to Rowlinson Constructions.

The Nottingham contract, worth £2.57m. is for 228 houses and 57 flats at Kirkstead Road, in the Meadows area of the city. Work will start in August, for completion in November 1978.

In Harrogate Road, Reddish, Stockport, Rowlinson will start work this month on a £670,000 scheme to build 45 houses and 26 flats for Stockport Borough Council. It follows an £835,000 contract for 103 council houses at Stockport, which the firm started in March.

Trenching in deep water

NORWAY'S Kvaerner engineering concern has designed a remote-controlled machine for digging pipeline trenches on the sea bed. A small-scale model of *the machine, which would enable* oil and gas lines to be buried beneath the sea bed at depths of up to 500 metres, was recently tested in the Drammen Fjord, near Oslo, where it successfully buried a 12 centimetre line, 150 *metres long.*

The invention, officially named "Kvaerner Myren trenching system," is the result of an initiative taken four years ago by the Norwegian State's Committee for Deep Water Pipelines, which *commissioned* Kvaerner to study the feasibility of burying pipelines at great depths. The Committee found the concern's first ideas on the subject sufficiently interesting to commission further research, and the project was *later joined by Statoil, Norsk* Hydro and the Norwegian Technical and Scientific Research Council. Each of these three are now contributing a quarter of the project's total budget (not expected to exceed £800,000), with Kvaerner supplying the remaining quarter.

The device operates by "homing," with sonar and TV, on the pipeline to be buried (which is laid, in advance, on the sea bed). It then clamps itself on to the line, with four pairs of wheels, and digs the trench beside it. Full size, it would weigh some 50 tonnes and measure 8 x 9 metres. A 750-metre long cable from a specially equipped mother ship would enable the device to operate at depths of up to 500 metres. With a drill-head diameter of 1.8 metres it will dig a seabed trench at speeds of up to 500 *metres* per hour. Four spherical water ballast tanks, each 3.2 metres in diameter, could in an emergency be rapidly filled with air so that the machine would float to the surface.

Computer centre

THE Scottish Trustee Savings Banks Computer Consortium has placed a £650,000 contract with a Bovis company—Gilbert Ash Scotland—for a computer centre at Anderston, Glasgow.

Covering an area of 1,900 *square metres, the building will* be of steel frame construction with external walls of facing brick with pre-cast concrete cladding. Parapet and windows will be of bronze coloured anodised aluminium while the *roof is to be part pre-cast con*crete slabs and part ribbed metal decking with built-up felt roofing.

Housing in new town

CUMBERNAULD Development Corporation has awarded a £3m. contract for the Westfield 1 (Housing) development to Miller Construction (Northern).

This is the second housing *development in the town's extension* area and includes 313 terraced houses of single and two storeys. The housing will accommodate about 1,400 people, with completion expected around two years after the *commencement of work in August.*

IN BRIEF

● SIX CONTRACTS, totalling nearly £800,000 have been won by FPA Finnegan. They include a block of flats at Sheffield, for the Hallam Housing Society, a factory at Rotherham for the English Industrial Estates Corporation and an office development for the North East Derbyshire District Council at Saltergate, Chesterfield.

● SIGMUND PULSOMETER Projects is to supply and install seven vertical crude sewage pumps together with control panels and ancillary equipment in two pumping stations for the Northampton Sewage Division of the Anglian Water Authority.

● GIBSON, LEA and Company has won eight contracts worth about £350,000 mainly for refitting and conversion work.

● BIGGS WALL and Company is to construct a 1m. gallon capacity reinforced concrete reservoir, together with an underground pumping station, at West Bergholt, near Colchester, Essex, under a £150,000 contract awarded by the Anglian Water Authority, *Colchester* Water Division.

... drives ...vork in ...dle East

...£ award by the Water ...icity Authority of the ...rab *Emirates* of a ...ntract for a steam ...t at Ras al Khaimah. ...national is making a ...nsion of its activities ...ddle East.

...the main contractor, ...*actions to execute the* ...s. These cover a sea ...n 1.7 metres diameter ...metres long, pump...oine and boiler house, ...concrete culverts and ...in.

...pany's sub-contractor, ...g Company (Lebanon), ...ible for installations to ...power house, water ...area, oil tank farm, ...and service roads. ...as started on this project, for which the consulting engineers are DSBI of Cologne, and should be finished in about 20 months.

Meanwhile, at home, W. and C. French of the French-Kier Group has been awarded a £2.8m. contract by the East London Housing Association to build 50 terraces of houses and a 15-storey tower block at Priory Road, near the West Ham football stadium.

Keeps heat out of buildings

AS BRITAIN swelters in its second consecutive "tropical" summer, and "experts" predict that this could well be the norm, there is growing interest in the U.K. in methods of reducing internal temperatures of buildings, especially in the working environment.

One method—developed in this country by Liquid Plastics, of Preston—is the treatment of roofs with Decadex, a solar reflective weatherproofing membrane, which, by reducing thermal transmission to the roof structure, has been proved in tests to reduce internal temperatures by as much as 38 per cent.

Decadex, an elastic, plastic, *self-cleaning membrane which* can be applied either by brush or spray, provides an enormous expansion co-efficient, enabling it to expand and contract with both thermal and structural movement in the substrate. It is *highly resistant to ultraviolet* radiation.

When used in conjunction with Flexitape, also produced by Liquid Plastics, Decadex can effectively bridge expansion joints and cracks, providing an unbroken seal over the entire roof, and, since the expansion coefficient of the products are complementary, maintaining elasticity at these vulnerable points.

Liquid Plastics, London Road, Preston, Lancs. (0772 59781).

Automated effluent treatment

BRITAIN'S first computerised effluent disposal system is to be brought into operation in the near future by the British Steel Corporation.

The effluent comes from coke ovens on the Ravenscraig site and it is to be collected and pumped to the nearby Cambarns treatment works of the Strathclyde regional council. Operations will be supervised by £125,000-worth of computerised telemetry equipment to be supplied by Serck Controls of Leamington Spa.

Information input will come from seven outstations and include data from weirs and V-notch flumes, etc. The complex sequence of instructions involv...

Design cost cut by automation

MANIPULATION of mathematical models of structures in computers to see how the corresponding buildings would behave in severe earthquake or hurricane conditions has been one of the glamour projects of computer-aided design (CAD).

But CAD is not just a glamour application of computer techniques, it is paying off as a down-to-earth routine in many areas of building and civil engineering, one of which is typified in the project recently brought to fruition between the CAD Centre, Cambridge, and Capper Neill International.

Primary objective of the joint work was to simplify the design/costing and blueprint production routines and automate them to a degree such that the corresponding program suites could be used in part or as a whole, according to the information needed at a particular moment.

The various steps included the production of a program to design the layout of steel plates for base and roof of a tank in accordance with BP2654 and AP1650 and add a program to optimise on the quantity of steel used in both base and roof and derive routines for the automated draughting of base, shell, roof and material usage. Finally, a suite was added to generate estimating data covering the number and weight of steel plates and the total weld lengths.

This first stage is fully operational. Only the sections needed for a particular job are used so that the designer is not constrained and computing costs are cut.

At the tendering stage, several designs can be tried out very quickly, while the cost for obtaining pricing information for base or roof details is below 20p per design, the information being available virtually on demand, and including full optimisation on minimum steel usage and the amount of welding required.

If the tender is successful, all that follows is an instruction to the computer in Cambridge to produce working drawings on a high-speed draughting machine.

These will show the cross-section through the shell and weld details. Materials schedules are produced according to a program developed internally by the company itself.

Details of costs are extremely interesting in the light they shed on other areas of building and civil engineering design work. Production cost of a full set of drawings depends to some extend on the size of the tank, but generally would lie between £13 and £25 for each drawing for a tank of 50 metres diameter. This is considerably less than the cost of using manual methods. At *the same time, presentation is* standardised and production of the drawings on the plotter is extremely reliable.

Drawings are normally produced in the same day the design is started, which gives the fabrication team much more time to plan its work schedules.

Previously a design would require between three and six days of effort. Now a designer can produce, typically, drawings for eight tanks in less than one day.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Brighton Antiques Fair (cl. July 24)	Corn Exchange, Brighton
Current	Hairdressers and Beauticians Fair (cl. July 20)	Royal Lancaster Hotel, W.2
Current	Harrogate Gift Fair (cl. July 22)	Harrogate
July 20—22	Royal Welsh Show	Builth Wells
July 25—Aug. 1	International Cycle Show	Harrogate
July 30—Aug. 1	Gt. Britain Radio Society Exhibition	Alexandra Palace
Aug. 7—8	General Trade and Home Exhibition	Doncaster
Aug. 15—19	British Musical Instrument Trade Fair	Bloomsbury Centre Hotel
Aug. 15—19	International Gifts Fair	Olympia
Aug. 21—29	Brighton International Exhibition	Metropole Centre, Brighton
Aug. 24—26	Education & Technology Exhibition	Holland Park School, W.8

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	Photogrammetry Exbn. and Congress (cl. July 23)	Helsinki
Current	National Boat Show (cl. July 25)	Melbourne
July 21—25	Int. Sports Equipment and Leisure Goods Exbn.	Singapore
July 24—28	International Jewellery Trade Fair	New York
July 25—31	Int. Biochemical Exbn. & Congress	Hamburg
July 31—Aug. 8	International Arts and Antiques Fair	Helsingborg
Aug. 3—10	Int. Building and Construction Exhibition	Johannesburg
Aug. 5—14	Royal National Show	Brisbane
Aug. 6—11	International Boat Show	Sydney
Aug. 5—16	Austrian Timber Fair	Klagenfurt
Aug. 9—15	International Fisheries Fair	Trondheim
Aug. 12—23	Consumer Goods Fair	Bilbao
Aug. 13—22	International Trade Fair	Malmo
Aug. 13—22	Education Equipment Exhibition	Sao Paulo
Aug. 15—20	New York Gift Show	New York
Aug. 17—19	National Hardware Show	Chicago
Aug. 21—23	Pacific Jewellery Show	Los Angeles
Aug. 23—26	Jerusalem Fashion Week	Jerusalem Hilton
Aug. 26—30	Overseas Import Fair	Berlin

BUSINESS AND MANAGEMENT CONFERENCES

July 20	Offshore Centre: Saudi Arabia, Oman & U.A.E.	Royal Gdn. Hotel, W.8
July 20—21	WTI: Pluton Industrial Relations Exercise	World Trade Centre, E.1
July 21—24	Br. O'seas Trade Board: Developing O'seas Trade	Henley
July 23	Royal Town Planning Inst: Housing Land Crisis	Royal Lancaster Hotel, W.2
July 25—30	First Nat. Bk. of Boston: Export Promotion	Caracas
July 27	Oyez: Exchange Control	Royal Lancaster Hotel, W.2
Aug. 3—4	Industrial Soc.: Action-Centred Leadership	Peter Runge House, S.W.1
Aug. 9—13	Abraxas: Synetics-Problem Solving and Managing	68, Churchway, N.W.1
Aug. 9—13	H. Mitchell: Motivation, Incentives & Communctn.	Beeston, Nottingham
Aug. 11	BIM: Selection Interviewing, Theory & Practice	Management Hse., W.C.2
Sep. 1—2	Financial Times: World Aerospace	London Hilton, W.1

Parliament this week

COMMONS

TO-DAY: Finance Bill remaining stages: EEC document on the 1977 preliminary draft budget.

TO-MORROW: Timetable motions on the Aircraft and Shipbuilding Industries, Dock Work Regulation, Education, Health Services and Rent (Agriculture) Bills.

WEDNESDAY: Education Bill, remaining stages.

THURSDAY: Rent (Agriculture) Bill, remaining stages.

FRIDAY: Parliamentary and Other Pensions and Salaries Bill, remaining stages.

MONDAY (July 26): Dock Work Regulation Bill, remaining stages.

LORDS

TO-DAY: Debate on the White Paper "Developments in the European Communities, November '75 to April '76," and report of the European Communities Committee on the Tindemans report; debate on preliminary draft EEC budget for 1977.

TO-MORROW: Sexual Offences Bill, Drought Bill and Race Relations Bill, second readings.

WEDNESDAY: Land Drainage Bill report; Trinidad and Tobago Republic Bill, and Development Land Tax Bill, second readings; Armed Forces Bill, remaining stages; debate on the attitude of the Government towards third world proposals for a new economic order.

THURSDAY: Land Drainage Bill, and Development Land Tax Bill, third readings. Drought Bill, remaining stages: Local Government (Miscellaneous Provisions) Bill, third reading; Iron and Steel (Amendment) Bill, second reading; New Towns (Amendment) Bill, remaining stages; debate on aerospace industry.

COMMITTEES

TO-DAY: Expenditure: General Sub-Committee — Developments in the Civil Service since the Fulton Report; Witnesses: Institute of Professional Civil Servants.

TO-MORROW: Violence in the Family—Violence to Children; Witnesses: Representatives of Park Hospital, Oxford, and Dr. Keith Beswick, Didcot. Direct Elections to the European Assembly.

WEDNESDAY: Expenditure: Environment Sub-Committee—Planning Procedures; Witnesses: Bovis Homes, Association of Metropolitan Authorities.

THURSDAY: Race Relations and Immigration—The West Indian Community; Witnesses: National Association of Probation Officers. Direct Elections to the European Assembly.

Bank workers switch jobs to boost pay

BY ARTHUR SANDLES

BANK STAFF in the City are on the move — thanks to the present pay policy. An investigation of the banking employment market has shown that vacancies in banking have doubled since the year began largely because people are changing jobs as the only way to get more pay.

The report — the 11th Banking Personnel Survey, published by the incomes research unit of personnel consultants Lloyd Executive — says the new mobility was found in all types of banks and was "by no means confined to the traditionally high-turnover clerical and secretarial jobs." About 20 per cent. of the vacancies were for professional and executive personnel.

The banks seem to have slowed down the recent expansion in numbers employed. In 1974-75 there was a 12 per cent. rise in the workforce of merchant banks in the survey, and one of 7 per cent. in international bank staff.

The present survey shows only a 3 per cent. average rise for both sectors. Some 18 of the 81 banks surveyed had actually reduced staff.

Compulsory workers' role criticised

By Arthur Sandles

COMPULSORY worker participation and representation on company Boards would threaten industry's capacity to raise new capital, says the Conservative Selsdon Group in its evidence to the Bullock Committee on Industrial Democracy.

According to the Group's evidence such moves, with no changes in financial responsibility, if forced upon shareholders whose funds are at risk "will be wholly unacceptable." It would be "institutionalised theft."

THE JOBS COLUMN

Do it yourself, Mr Booth

BY MICHAEL DIXON

THERE WERE days, no doubt, during Diogenes's search for an honest man when he was sorely tempted to bend the rules, paste the award on the first passer-by with a level gaze, and go home to his barrel to read comic papers over a quart of ouzo. Certainly I am reaching a like stage in my search for official proposals within my journalistic interests which are not either lily-livered, addle-pated, greedy-gutted, or some combination thereof.

So welcome was definitely in the offing the other day when I received a set of proposals published jointly by the Department of Employment and the Manpower Services Commission, entitled *Training for vital skills*.

The aim of these proposals is important for all of us. It is to break the cycle by which cuts in industrial training during a recession leave us short of the skilled manpower needed to take adequate advantage of the ensuing expansion. The results include lengthening delivery dates, wage inflation and other miseries which have become so ingrained in some companies' psychology that they anticipate them by planning their production at levels less than expanding markets would evidently justify.

The joint document — which I know is largely the work of the Training Services Agency — describes the mayhem and the arguments for stabilising the intake of youngsters into training for the crucial types of skill at numbers permitting *steady expansion. And since* it does so with a persuasion that only a chuckle-head could resist, I was soon looking forward to declaring my search completed and going home for a snifter at my borrowed barrel in Clapham.

But then I remembered a common trait of other Training Services Agency documents which have come my way. It is that the reassuring depth of their description of the essential aims has been matched by the hair-raising superficiality of their proposals for achieving them. Sadly, this latest one is dishevelled by the same brush.

The nub of its scheme for stabilising the intake of school-leavers is a collective funding arrangement. The basic training of youngsters beyond immediate demands for the crucial companies' training activity. On the demand side, too, bits of more than £100m.—would be financed partly by contributions raised from employing concerns perhaps by compulsory levy, and partly from funds channelled through the Manpower Services Commission.

When ex-engineering apprentice Albert Booth, now Secretary of State for Employment, introduced the scheme to the Press, he emphasised that he was not thinking of imposing it on unwilling industry. It was offered only for discussion. But he believed that employers would agree that the object was worth their handing over a bit more money, especially since Government was ready to stand a good part of the cost. Which—provided one forgets that the public funds with which Mr. Booth is willing to be so generous had largely to be earned by the wealth-creating sector in the first place—might seem to be jolly decent of him.

But even a glance beneath the surface suggests differently. The scheme looks to be just one more instance of Government importuning hard-pressed businesses for extra money to treat the symptoms of a problem, whose major cause is the failure of Government to overcome its departmental divisions and produce a coherent policy.

It is easy and obvious to say that more training is needed. But the taxpayers are entitled to ask why it is not being done already, especially as for a dozen years they have been financing a costly training bureaucracy. And that question opens directly on to the underlying governmental confusion.

On the supply side, runaway public spending has arguably played its part in curtailing companies' training activity. On the demand side, too, bits of government appear to be militating against the very object that Mr. Booth described as "of the greatest importance to the country's future."

One example is a taxation policy which has eroded the attractions for young people of exerting the effort needed to become skilled workers. Another is a £6bn.-a-year State education system which, to put it mildly, fails to equip its charges for the needs of the working world (the document admits that in several areas "employers have found difficulty in recruiting sufficient young people of suitable standard and even for the vacancies available"), and which since 1972 has required thousands of 15-year-olds to fritter away an extra year at school.

The major responsibility for the skills problem is in the hands of Government. So is the only effective solution. So is the money to finance the extra training, if Government would manage to apply productively some of the presently wasted funds it already gathers from industry and other taxpayers.

So if employers are to make a wise reply to Mr. Booth's appeal for further contributions, they should tell him that in this case

LABOUR NEWS

Ford Motor conveners set to join pay talks

BY ROY ROGERS, LABOUR CORRESPONDENT

FORD MOTOR union conveners are set to join future pay and conditions negotiations for the company's 52,000 manual workers who expect their next annual increase in October.

But the move is being delayed by inter-union wrangling over how much say the craft unions should have on the joint works committees.

The production worker-orientated Transport and General Workers Union, which dominates the Ford union scene by virtue of its majority membership—it claims some 40,000 members at Ford—has been seeking to bring conveners on to the national joint negotiating committee for several years.

However, the smaller craft-based unions are wary of this move because it would give the TGWU—which currently fills 18 of the 21 convenerships—an even greater stranglehold on negotiations.

In a bid to offset some of this TGWU domination, the craft unions have been striving for several places on joint works committees for skilled representatives "as of right." This would protect them from being swamped in elections where the TGWU currently uses its voting strength to ensure it fills virtually every seat.

As a result of the TGWU domination in the negotiating machinery, and especially on the conveners committee which holds the real power, traditional skilled pay differentials have been eroded. This has been in line with the TGWU's policy of ensuring that their members are "second to none" in the motor industry, a policy they justify because production workers do the repetitive jobs and are the first to be laid off in the event of industrial or supply problems.

TGWU opposition to skilled men having joint works committee places as of right remains the stumbling block and last week Ford management urged all parties to try to end the uncertainty over the future of bargaining arrangements.

It seems clear, however, that before long the 21 conveners will join the national negotiating committee, ousting several full-time union officials in the process.

Such a move, which would double the union negotiating team to more than 50, is consistent with the development of the negotiating machinery since it was revamped on a proportional membership basis in 1969.

Up until about four years ago the NJC was comprised almost entirely of union officials and conveners had to make do with lobbying the talks from the pavement. Then they were granted four seats on the committee and the remainder were allowed to lobby the talks from within the building. More recently the conveners have occupied rooms adjacent to the conference room and been available for instant consultation and decisions.

Under the proposals, the 21 conveners would be joined by two other representatives (lay or official) from each of the company's 14 unions. Mr. Moss Evans, TGWU national organiser, would remain chairman.

Reform proposals ignored, say civil servants

BY OUR OWN CORRESPONDENT

FUNDAMENTAL dissatisfaction at the Civil Service Department's reluctance to act on the main findings of the Fulton Committee report on the Civil Service is expressed to-day by the Institution of Professional Civil Servants.

In evidence to the Commons select committee on expenditure, the IPCS accuses the CSD of only limited implementation of the 1972 report's findings which included criticism of the higher Civil Service.

The IPCS, which represents 100,000 professional and technical grades, believes the Fulton findings to be "essentially right" and calls for changes in the relationship between the service and the community, including moves towards more "open" government.

An end to the "divisive and misleading" practice of making distinction between the roles and opportunities of "specialists" and "generalists" is also urged.

One of Fulton's main criticisms was that the class style of organisation was inefficient and prevented the best deployment and use of individual talent. But according to the IPCS the classless, uniformly graded structure urged by Fulton has been introduced only for grades at Under Secretary level and above—only 843 out of almost 600,000 civil servants.

Below the top structure, says the IPCS, most of the largest classes have been re-organised into categories and groups but many of Fulton's criticisms of the old class structure "are no less valid" in relation to the present situation.

Although some formal barriers to class promotion have been removed, little real progress has been achieved in this field and progress towards satisfactory career management and development systems has been "disappointing."

Union talks aimed at closer links

By Our Labour Correspondent

BRITAIN'S LARGEST and third largest trade unions are engaged in talks aimed at establishing closer working arrangements and spheres of influence.

But leaders of the Transport and General Workers' Union and the General and Municipal Workers' Union deny that their ultimate target is to bring the two together to form one vast 2.75m.-member union.

Several meetings have been held between the regional secretaries of both unions and more are scheduled. The purpose is to eliminate the in-fighting between the two general unions which operate in many of the same areas right across the private and public sectors. They also intend agreeing spheres of influence for areas where there is still recruitment potential.

Shop stewards resign over dock vote

BY OUR LABOUR CORRESPONDENT

TWO LEADING Felixstowe docks shop stewards have resigned in protest at the conduct of a strike vote which will bring cargo movement through the port to a standstill for to-day.

Mr. Paddy Ahern, the senior TGWU shop steward, and Mr. Geordie Landles, have resigned their posts claiming that the strike vote was rigged.

This bitterness is the latest *move in the wrangle* over whether the private enterprise port should be taken over by the nationalised British Transport Docks Board and follows last week's poll which showed that a minority of those who voted wanted the company to remain with European Ferries.

Mr. Peter Partridge, TGWU Ipswich district officer called the strike meeting while Mr. Ahern was giving evidence to a House of Lords Select Committee on behalf of European Ferries.

"Those against the strike were milling around and deliberately confusing the issue," he alleged yesterday. About 100 abstaining in the middle and Mr. Landles, one of the tellers, giving up his count halfway through did not help at all, but the result was never in doubt," he added.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-division shown below is based mainly on last year's time-table.

COMPANY MEETINGS—
TO-DAY
British and American Film Hldgs., 113, Park Lane, W., 12.30.
Dyson (R. A.), Liverpool, 12.
Gordon Johnson-Stephens, Gloucester, 12.
Rowlinson Constructions, Stockport, 12.

BOARD MEETINGS—
Finals:
Arlington Motor
Ingram (Harold)
Johnson-Richards (H. and R.) Tiles
Meyer (Montague L.)
Preedy (Alfred)
Renwick
Rosgill
Interims:
Kershaw (A.)
Rank Organisation

DIVIDEND & INTEREST PAYMENTS—
Altrincham 7¹⁄₁₆pc Bds. Red. 19/1/77. 3²⁷⁄₃₂pc
Associated Engineering, 1.1p
British and American Film Hdgs., 1.55192p
Clarke, Nickolls and Coombs, 0.8707p
Enalon Plastics, 1.5p
Hill (Philip) Inv. Trust, 3.75p
Hill Samuel, 2.5125p
Jokai Tea 6pc Pf., 2.1pc
Keystone Inv., 1.35p
Land Investors, 0.4p
London and Holyrood Tst., 2p
London and Provincial Tst., 1.9p
Minster Assets, 1.45p
Ranks Hovis McDougall, 1.2p
Ransome Hoffman Pollard, 1.31p
Robertson Foods, 3.54p
Rowlinson Constructions, 1.405p
St. George Assets, 0.2514p
Spencer Turner and Boldero 6pc Pf., 2.1pc
The Times Veneer, 0.172p
Vernon Fashion, 1.4798p

COMPANY MEETINGS—
TO-MORROW
Alpine Soft Drinks, Birmingham, 12.
Charter Consolidated, Winchester House, EC, 12.
Churchbury Estates, Connaught Rooms, WC, 12.30.
Electra Investment Trust, Electra Hse., Victoria Embankment, WC, 2.15.
Ewer (George), Connaught Rooms, WC, 11.15
Leigh Interests, Edgbaston, 12.
London Prudential Investment Trust, 20, Fenchurch Street, EC, 11.45.
Macanie (London), 22, Hanover Square, W., 3.
Property Hldg. and Investment Tst., Dorchester Hotel, W., 12.15.

BOARD MEETINGS—
Finals:
Birmingham Mint
Francis (G. R.)
Jones Stroud
Levers Optical
Interims:
Melgrum Investment Trust
Nafo N.V.
New Throgmorton Trust
Pratt (F.) Engineering
Romney Trust
Saatchi and Saatchi Compton
Scottish Northern Investment Trust

DIVIDEND & INTEREST PAYMENTS—
Bandanga Hldgs., 1.594p
Cakebread Robey and Co. Ord., A. 1.1p
Consolidated Co. Bultfontein, 5cts.
Courage Db. 1¾, 3½, 4pc, Do. Ln. 3¹⁄₁₆, 5¼pc
Dubilier, 0.44p
Dyson (R. A.) A and B Ords. 2.104375p
Edbro, 3.4375p
Elys (Wimbledon) Db. 3½, 4½pc
Firestone Tire and Rubber, 27½cts
Gordon Johnson-Stephens, 1p
Griqualand West Diamond Mining Co. Dutoitspan, 25cts
International Computers, 0.65p
Leigh Interests, 0.464526p
Narborough (F.M.S.) Rubber Ests., 1.5p
Norwegian State and Municipal Power Cnstm. Extnl. Ln. of 1965, 2¾pc
Rights and Issues Inv. Tst. Inc., 1.6625p. Do. Cap., 0.083125p
United Oceana Ptg. Prf., 3.8461p
Wells Fargo, 25cts

COMPANY MEETINGS—
WEDNESDAY, JULY 21
Bishop's Stores, Ruislip, 3.
Chesterfield Props., 1, Avery Row, W., 11.
Clough (Alfred), Stoke-on-Trent, 12.
Courtaulds, 36, Wigmore Street, W., 12.
Dawson Intnl., Edinburgh, 11.45.
Dimplex Inds., Southampton, 12.
Dualvest, 117, Old Broad Street, EC, 12.
Eucalyptus Pulp Mills, Charing Cross Hotel, WC, 12.30.
GEI Intnl., The Dorchester, W., 12.
Guthrie Corp., 20, Aldermanbury, EC, 12.
Harrisons and Crosfield, Baltic Exchange, EC, 11.15.
Incledon and Lamberts, Waldorf Hotel, W.C., 11.
Invergordon Distillers, Glasgow, 12.
Lindsay and Williams, Manchester, 3.
New Throgmorton Trust, 25, Milk Street, EC, 12.30.
Plantation Hldgs., Abercorn Rooms, EC, 12.
Samuel (H.), Birmingham, 12.
W.G.I., Manchester, 3.
Wedgwood, 34, Wigmore Street, W., 11.

BOARD MEETINGS—
Finals:
Butterfield-Harvey
Dowty
Lindustries
Miller (H.) Investments
Wyndham Engineering
Interims:
Bank Leumi (U.K.)

English Association of American Bond and Shareholders
M.K. Refrigeration
Union Discount
Vosper Thornycroft
Yeoman Investment Trust

DIVIDEND & INTEREST PAYMENTS—
Bishops Stores Ord. and A, 1.1062p
Blaby 10½pc Bds. Red. 26/1/77, 5¼pc
Boston 10½pc Bds. Red. 26/1/77, 5¼pc
Do. 11pc Bds. Red. 21/7/76, £5.6507
Brent 10½pc Bds. Red. 26/1/77, 5¼pc
Bury 10½pc Bds. Red. 26/1/77, 5¼pc
Calderdale 10½pc Bds. Red. 26/1/77 5¼pc
Charter Consd. shr. (reg.), 4.25675p
Do. shr. (Br.), 4.25675p
Chichester 10½pc Bds. Red. 26/1/77, 5¼pc
Chorley 10½pc Bds. Red. 26/1/77, 5¼pc
Cleveland 10½pc Bds. Red. 26/1/77, 5¼pc
Congleton 11pc Bds. Red. 21/7/77 £5.6507
Corby 10½pc Bds. Red. 26/1/77, 5¼pc
Cotswold 10½pc Bds. Red. 26/1/77, 5¼pc
Crewe and Nantwich 11pc Bds. Red. 21/7/76, £5.6507
Dacorum 10½pc Bds. Red. 26/1/77, 5¼pc
Dent Fownes Ln., 3½pc
Derby 11pc Bds. Red. 21/7/76, £5.6507
Easington 13¼pc Bds. Red. 21/7/76, £6.7783
East Cambridgeshire 10½pc Bds. Red. 26/1/77, 5¼pc
Edinburgh 10½pc Bds. Red. 26/1/77, 5¼pc
English China Clays, 1.0965p
Erewash 11pc Bds. Red. 21/7/76, £5.6507
Fareham 10½pc Bds. Red. 26/1/77, 5¼pc
Fenland 10½pc Bds. Red. 26/1/77, 5¼pc
Fledgeling Inv. Db., 3¼pc
Gwent 11pc Bds. Red. 21/7/76 £5.6507
Hackney 11pc Bds. Red. 21/7/76 £5.6507
Harrow 10½pc Bds. Red. 26/1/77 5¼pc
Inverclyde 11pc Bds. Red. 21/7/76 £5.6507
Kirklees 11pc Bds. Red. 21/7/77 £5.6507
Kulim (Malaysia) Berhad 6.25 cents
Lawrence (Wm.) Ord. and A Ord. 2.744p
Lee (Arthur) 0.35p
London Asiatic Rubber and Produce 1.89568p
London Prudential Investment 1.1625p
Management Agency and Music 1.95p
Metropolitan Police 10½pc Bds Red. 25/1/77 5¼pc
Newcastle-Under-Lyme 10½pc Bds. Red. 26/1/77 5¼pc
Newcastle Upon Tyne 7⅞pc Bds Red. 21/7/76 3¹⁵⁄₁₆pc
Newport 11pc Bds. Red. 21/7/76 £5.6507
North Devon 10½pc Bds. Red. 26/1/77 5¼pc
North Hertfordshire 11pc Bds. Red. 21/7/76 £5.6507
Orkney Islands 11pc Bds. Red. 21/7/76 £5.6507
Oxfordshire 10½pc Bds. Red. 26/1/77 5¼pc
Portsmouth 11pc Bds. Red. 21/7/76 £5.6507
Property Holdings and Investment Trust 3.32p
Renfrew 11pc Bds. Red. 21/7/76 £5.6507
Restormel 11pc Bds. Red. 21/7/76 £5.6507
Roxburgh 10½pc Bds. Red. 26/1/77 5¼pc
Rugby 11pc Bds. Red. 21/7/76 £5.6507
Runnymede 11pc Bds. Red. 21/7/76 £5.6507
Salford 10½pc Bds. Red. 26/1/77 5¼pc
Sandwell 10½pc Bds. Red. 26/1/77 5¼pc
South Lakeland 11pc Bds Red. 21/7/76 £5.6507
South Wight 10½pc Bds. Red. 26/1/77 5¼pc
Spooner Industries 0.52p
Stockport 11pc Bds. Red. 21/7/76 £5.6507
Strathclyde 10½pc Bds. Red. 26/1/77 5¼pc
Strathkelvin 10½pc Bds. Red. 26/1/77 5¼pc. 11pc Bds. Red. 21/7/76 £5.6507
Tameside 11pc Bds. Red. 21/7/76 £5.6507
Thamesdown 10½pc Bds. Red. 26/1/77 5¼pc
Torfaen 10½pc Bds. Red. 26/1/77 5¼pc
Tower Hamlets 10½pc Bds. Red. 26/1/77 5¼pc
United Spring and Steel 0.42p
Vale of White Horse 10½pc Bds. Red. 26/1/77 5¼pc
Wakefield 10½pc Bds. Red. 26/1/77 5¼pc. 11pc Bds. Red. 21/7/76 £5.6507
Wigan 10½pc Bds. Red 26/1/77 5¼pc
Winchester 12¼pc Bds. Red. 26/1/76 6⅛pc
York 11pc Bds. Red. 21/7/76 £5.6507

THURSDAY, JULY 22
COMPANY MEETINGS—
Berkeley Hambro Property, 51 Bishopsgate E.C., 2.30.
Billam (J.) Sheffield 12.
Brown (N.) Investments, Manchester, 12.30.
Burnett and Hallamshire, Sheffield 12.
Century Oils, Stoke-on-Trent 12.
Exchange Telegraph, East Harding Street, E.C., 12.
Hambros Bank, 41, Bishopsgate, E.C., 12.
Hunting Gibson, 118-127 Park Lane, W., 12.30.
Joseph (Leopold), Brewers Hall, E.C., 12.
Land Securities Investment Trust, Devonshire House, W., 12.
Metal Box, The Dorchester W., 12.30.
Monk (A.), Warrington, 3.
Pauls and Whites, Ipswich, 12
Plysu Winchester House, E.C., 11.
Queens Moat Houses, Ross on Wye, Herefordshire 12.
Reardon Smith, Cardiff, 3.
Sumner (Francis) Abercorn Rooms E.C., 10.30.

Suera Group Stratford-upon-Avon, 12.
Wormalds, Walker and Atkinson Ossett, Yorkshire, 11.

BOARD MEETINGS—
Finals:
Burt, Boulton
Commercial Bank of Australia
Davy International
Globe and Phoenix Gold Mining
C.E.G.
Morgan Edwards
Peterborough Motors
Sena Sugar Estates
Western Board Mills
Wheeler's Restaurants
Interims:
Berisfords
Derby Trust
"Investing in Success" Equities
Yule Catto

DIVIDEND & INTEREST PAYMENTS—
Altifund Income, 4.75p. Do. Cap., 0.2375p
Atlantic Shipping and Trading and A NV. 15.355p
Bell and Sime 3.004p
Berkeley Hambro Prop. 1.61p
Billam (J.), 2.21p
Churchbury Ests. 2.318p
English and Caledonian Invest. 1.65p
Frith (W. G.), 0.5p
CEI Intnl., 2.199p
General Mining and Finance, Prf., 3 pc
Hanson Trust 2.5p
Kaysor Bondor, 1.582p
Midland Cattle Prods. 1.216675p
Minerals and Resources Ln. 3pc
Morgan (J. P.) Int. Dep. recpts. to Br., 45 cts.
New Throgmorton Tst. Inc. Shs., 0.7p
Readicut Intnl, 0.79729p
Treasury Ln. 13¼pc 1977. 6⅝pc Do. 13¼pc 1977 A 6⅝pc. 12¼pc 1992, 6⅛pc
Wedgwood, 2.26p
Westland Aircraft, 1.22614p
Westminster 12¼pc Bds. Red. 6⅛pc

FRIDAY, JULY 23
COMPANY MEETINGS—
Alida Packaging Grp., Heanor Derbyshire, 12.
Black (A. and C.) 35, Bedford Road W.C., 12.15.
Callyns, Eastbourne, 3.
Chamberlain and Hill, Walsall, 12.
Clark and Fenn, 1, London Wall E.C., 12.
Dawson (James) Lincoln, 12.
Farnworth (Rbt.) Bolton, 11.30.
Pegler-Hattersley, Doncaster 12
Lamont, Edinburgh, 12.
Lendu Rubber Ests., Sevenoaks, 12.30.
Rembia Rubber, Sevenoaks, 12.
Staflex Intnl., Abercorn Rooms, E.C., 12.
T.C.K. Grp., Dundee, 12.

BOARD MEETINGS—
Finals:
Amalgamated Distilled Products
Neepsend
Sound Diffusion
Textured Jersey
Unigate
Watsham's
Interims:
Lloyds Bank
Midland Bank
St Andrew Trust

DIVIDEND & INTEREST PAYMENTS—
Alida Packaging, 3.8391p
Allied London Props., 0.8125p
Anglo American Cpn. Prfd. 3pc
Barlow Rand, 4.4601p
Black (A. and C.), 3.12p
CPC Intnl., 57.5cts.
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he Executive's and Office World

EDITED BY JOHN ELLIOTT

NERATION TRENDS

bonus advantage

IOLAS LESLIE

3HT of middle man- created by inflation restraint has been nented over the past But, according to a n U.K. executive ion to be published ere are exceptions at d of the middle man- alary scale who have January 1976 with a mprovement in real compared with 12 eviously.

vey, compiled by the sed Management urope, also suggests lar earnings improve- real terms on their year earlier was d by those at the of the top manage- ings scale.

vhole, however, MCE both middle and top it having suffered a real earnings after or inflation which at 976 was running at per cent. annually. vey covers 1,658 in 75 companies otal turnover of over also looks at likely 1976 and states that are budgeting for a rease of 10 per cent. op management pay- per cent. for middle nt.

dian is the point l on the salary scale as many people alary above as below rather than being the ulated by averaging tal salary payroll.

ity to pay

cast assumes not only 's ability to pay in- ler an incomes policy, also include expected hiring additional or replacements, costs and so on.

at salary changes in 76 period — seven which were outside ints of an incomes he survey states that e median salary level management suffered cent. decline in real while the correspond- for top management er cent. Worst off in the lower decile bottom 10 per cent. in s — whose decline in ngs was 15.1 and 15.9 for middle and top nt respectively. On hand, executives in decile, or top 10 earnings level, d an improvement of 3.6 per cent. y.

essment of salary etween January 1975 ne month of 1976 took living only those com- ch participated in the ey and the previous ar ago. This found the individuals who not only were the subject of both surveys, but who were also in the same job, 89 per cent. had had an increase in base salary, while 87 per cent. had gained in both salary and bonus.

Generally, the executive paid on the basis of a base salary plus bonus was better placed at the beginning of 1976 than was his counterpart on just a basic salary. *Whereas the total increase in salaries paid to chief executives on a base salary alone was 18.9 per cent., a gain of 21.9 per cent. was enjoyed by those who also received bonuses. In the case of deputy chief executives the respective figures were 12.9 per cent. and 16.9 per cent. and top research executives received a 19.4 per cent. rise with bonuses, but only 15.4 per cent. without.* These increases take no account of inflation.

A striking difference in the median salary level emerged for chief executives of companies with sales up to £10m. a year, compared with those of companies with in excess of £10m. annual sales. For the former the median level was £11,912, in terms of base salary, rising to £13,619 total remuneration including bonus. In the larger companies, the chief executive's median base salary was £21,000, rising to £21,350 with bonus. Thus, the percentage of bonus to salary was over twice as much in the first category—at 53.3 per cent—than the 15.6 per cent. in the second.

Of companies covered in the survey, 97 per cent. had a predetermined salary review period for awarding cost-of-living, merit or other types of increase. Just over 80 per cent. of companies reviewed salaries against cost-of-living for both top and middle management, with 75 per cent. making such appraisals annually. The remainder made twice-yearly reviews or had other arrangements.

Almost 90 per cent. applied cost-of-living increases to base salary, the remainder drawing the line below base salary. And, apart from four companies, all participants used the official consumer price index to calculate cost-of-living increases.

In 98 per cent. of companies, management salaries were reviewed regularly against performance or on merit. Other review policies included length of service, used by 29 per cent.; age, 24 per cent.; market value of the individual or function, 68 per cent.; and influence of collective agreement stipulations, either directly, 11 per cent., or indirectly, 8 per cent.

Another survey just published by the British concern, Employment Conditions Abroad, looks at U.K. experience in relation to 12 other countries and concludes that "by any of the measures of comparison the position of the executive in the U.K. has worsened over the past year in relation to his colleagues elsewhere."

The blame is laid at the door of the falling value of the pound and it is maintained that a 20 per cent. rise in earnings would be *needed to offset this.*

At the same time, however, the survey states that the cost of day-to-day living is still lower in the U.K. than elsewhere—except South Africa—"so that in real purchasing power the U.K. executive is less badly off than he appears to be in terms of unadjusted gross or net remuneration."

The ECA survey is based on information from 40 companies which support the organisation. It gives comparisons of salaries between the U.K. and 12 other countries in respect of three management levels—broadly, a senior department manager, and deputy managing director and managing director of a small company—and relative net spending power.

Thus, a U.K. executive on £7,250 gross, has a net salary of £5,050 and a spending power of the same level. On the other hand, his Swiss counterpart earns £20,159 gross and £14,442 net, but because of the higher cost of living in Switzerland, his spending power relative to the U.K. counterpart is £7,935. For the U.K. executive on £10,000 a year gross the net spending power would be £6,400. His Dutch contemporary would earn £27,495 gross and £13,238 net, but have a relative spending power of just £9,067.

In highly taxed Sweden, the corresponding figures would be £23,096 gross, £8,895 net and a £4,808 relative spending power.

MEDIAN REMUNERATION LEVELS

CHIEF EXECUTIVE	
Non-bonus-paying companies	
Company sales (£m.)	20.0
Base salary: total remuneration (£)	17,500
Bonus-paying companies	
Company sales (£m.)	5.8
Base salary (£)	14,190
Total remuneration (£)	18,200
TOP MARKETING-SALES EXECUTIVE	
Non-bonus-paying companies	
Company sales (£m.)	12.0
Base salary: total remuneration (£)	8,542
Bonus-paying companies	
Company sales (£m.)	16.6
Base salary (£)	9,900
Total remuneration (£)	11,550
TOP MANUFACTURING EXECUTIVE	
Non-bonus-paying companies	
Company sales (£m.)	18.0
Base salary: total remuneration (£)	8,250
Bonus-paying companies	
Company sales (£m.)	18.3
Base salary (£)	9,650
Total remuneration (£)	11,654
TOP FINANCIAL EXECUTIVE	
Non-bonus-paying companies	
Company sales (£m.)	12.0
Base salary: total remuneration (£)	8,460
Bonus-paying companies	
Company sales (£m.)	18.0
Base salary (£)	9,200
Total remuneration (£)	10,030

Re-fit for banking

The refurbishment, design and fitting of the City office of London and Continental Bankers led to the above result for the company's money trading table. The project was carried out by SLS Environetics, a U.S.-based company specialising in space planning and design. Environetics is defined as "the science of design of the things people use and the place where they use them," and the company has applied its techniques on, among others, the Sears headquarters in Chicago, which is the tallest building in the world.

Methods of introducing employee participation

THE STEADY progression towards employee participation throws up an increasing need for companies to decide how they will prepare for such an event. It is against this background that Brunel University has included a course in its 1976-77 management programme aimed at helping companies to prepare the ground for participation.

The course is aimed particularly at managers and specialist advisers who would be directly involved in bringing about schemes for employee participation in management decisions. It looks not only at the meaning and implications of participation and the impact of current and prossible future legal requirements, but also at current approaches through first-hand practical studies.

It is a subject which is also being incorporated into 1976-77 courses at the North-West Regional Management Centre—which takes in the Liverpool Polytechnic Department of Management Studies and the St. Helens College of Technology School of Management Studies. The school's course looks broadly at industrial relations, comparing British systems with those in other EEC countries and the U.S., and in addition to employee participation takes in motivation and industrial relations, growth of white collar unionism, industrial relations training and personnel management.

The participation courses at the university and the school form just one of a variety of subjects to be covered by the two establishments in their next year's programmes. Brunel sees job evaluation as a subject where there is no simple answer and has devised a course to discuss the systems available.

Brunel has also devised a course on workplace negotiations, aimed at industrial relations staff and line managers involved in negotiations at workplace level, and designed to establish a framework of principles to apply and to improve negotiating skills in the light of the trend towards management by negotiation. The university's other courses include organisation and management of such things as research and development and management and the law in respect of race relations.

The school's programme for next year takes in similar subjects, together with finance and accounting, marketing, production and purchasing.

Sue Cameron looks at body language, a method of character analysis without the spoken word

Movement says all

BODY LANGUAGE may say more about a person's character and ability than the spoken word. If someone moves back and forth in his chair it probably shows he is a farsighted individual who is busy thinking out the consequences of his actions. If he grips his pen or bangs on the table he is in the process of making a decision. If he stays silent but constantly shifts his position then it is certain he is not attending to the business in hand and the chances are he is a con man.

This is the theory, at any rate, behind the management consultancy techniques used by Warren Lamb Associates. Mr. Lamb and his partner, Ms Pamela Ramsden, interview top management teams noting what they do rather than what they say. They then work out the strengths and weaknesses of the individuals and advise on how *the members of each team can* best complement each other.

Their methods are based on the fact that appointment procedures always include an interview. Even companies which rely heavily on intelligence tests, aptitude tests, formal qualifications or past records will insist on seeing a man before they offer him a job. It therefore follows that certain information can only be conveyed during a face-to-face meeting. And that information must come from an applicant's movements and general bearing since there is nothing to be said at an interview which cannot just as easily be explained over the phone or written down.

Interpreting

The best interviewers are those who are good at interpreting this body language. They may not know how they do it. They may think they are working on instinct. But Mr. Lamb insists that what they are really doing is reading non-verbal clues. All he has done is to classify the clues.

Mr. Lamb and Ms. Ramsden say they need to interview a manager for about two hours before they can start to build up a profile of him. The interview takes the form of a general discussion about business and although they aim to watch rather than listen they claim that people quickly lose any self-consciousness. They explain what they are doing at the outset but they do not leap for their notebooks every time someone blinks and they say most managers become too engrossed in describing their companies' problems to notice how they are moving.

Occasionally they come across someone unwilling to cooperate. Would-be saboteurs usually sit on their hands or stay stock still throughout the interview. Unfortunately for them it is extremely difficult to keep still for more than half an hour and extraordinary positions soon become uncomfortable. Mr. Lamb and Ms. Ramsden say that as a result initial resistance is invariably overcome.

The object of the whole exercise is to find out how different individuals make decisions. Mr. Lamb says decision-making can be divided into three stages: investigation, resolution and implementation. Each phase involves different skills and activities and most people are better at one particular part of the process.

One man's strength may be in investigating the possibilities open to his company. He may enjoy gathering information, finding out other people's opinions and considering new ways of approach. But a manager who really enjoys the initial, fact-finding stage of decision-making may find it hard actually to select and commit himself to a particular course of action. If he is part of a well-balanced team whose other members are good at crystallising ideas and putting them into practice then *everything will work well. Trouble* starts when all the members of a team specialise in one area.

Mr. Lamb claims his ability to interpret body language enables him to gauge whether a company is running into difficulties because its top managers are rushing round placing orders and no one is getting on with the preliminary job of amassing information. Non-verbal clues are important because a man may be quite unaware of his preference for investigating a situation rather than implementing a decision.

Some people's gestures and bearing show that their interests and abilities are evenly balanced—but perfect balance tends to indicate dullness and a lack of dynamism. Fortunately this type of manager is rare.

Having diagnosed the weak links in a management team's way of working Mr. Lamb and Ms. Ramsden are able to make various suggestions. If possible they like everyone concerned to see each other's profiles though autocratic managing directors sometimes forbid this. People can be persuaded—Ms. Ramsden would say re-educated—to see their colleagues in a different light. For instance a manager who likes sizing up a problem but who hates initiating action can be shown to be a man of perception and imagination rather than a pain in the neck who obstinately refuses to give a decision to his immediate subordinates.

Sometimes the members of a team can be given different roles so that each is free to do whatever it is he is best at: sometimes new people may help make a team more effective; sometimes it may be necessary to create a small group within the team which can take special responsibility for an activity the others do less well.

Sensible

The recommendations Warren Lamb Associates make seem eminently sensible. Whether it *is fair—or sensible—to make* them on the basis of how a man sits in his chair is questionable. If people can use words to lie, if they can create false impressions by what they say, then it seems feasible to think they can do the same with their bodies—consciously or otherwise.

Mr. Lamb and Ms. Ramsden say this is not so. They claim they can always tell when a man's actions are false because his movements are not "integrated." It is rather like knowing someone is uneasy merely by looking at him, though on a more sophisticated level. At the same time, the pair admit that foreign mannerisms can throw them off the scent, temporarily at least. They have both worked abroad, and although they maintain that cultural differences can be quickly built into their system, Ms. Ramsden recalled how confused she had been by the Italian habit of shrugging.

Mr. Lamb confesses that when he first set up his company in 1952 he was regarded as a crank. Only one or two concerns availed themselves of his services and all they wanted him to do was advise on appointments. But his business grew and now he has a small but appreciative list of tributes from clients such as Trebor Sharps, Hoover Worldwide and CCL Systems.

To-day he is taken more seriously and it is clear there must be some truth in this body language business. One has only to think, for instance, of how much a belly dancer can say with just one flick of her well-integrated hips. The question is can anyone, including Mr. Lamb, ever be sure that she means it?

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MONDAY, JULY 19, 1976

Taking over schools

"THE DAY has now passed when it was considered appropriate to bestow sole control of the curriculum in schools upon the teaching profession." This sentiment is not derived from some new "Black Paper" expressing a conservative view of education; it is taken, verbatim, from "Labour's Programme for Britain," 1976. The passage deserves further study, since it was printed only a few weeks before last Friday's disturbing report on the events at William Tyndale Junior School, and it contains the essence of a new policy upon which all parties should be able to agree.

Political

"The time has come to modify the position, enshrined in the 1944 Act, by which the Secretary of State stays at arms length from the curriculum in schools," say the authors of Labour's new programme. Taken in the wrong way, this could be a political development to resist at all costs, since no Minister should have the power to say what schoolchildren should be taught to think, even if the subject-matter is, as Labour's programme suggests, "democratic values in society." But taken in a different way, the revitalisation of the supine Department of Education is an essential next step in education policy.

The lesson of William Tyndale is that the place to begin is in the primary schools, with the starting-off point being a set of minimum standards of reading, writing and counting ability that it should be the child's right to be properly taught. There is no need to enter into disputes about the method of teaching; the Minister's responsibility ought to be to ensure that no teacher, or headmaster, deprives the children in any school of this fundamental right. It is possible to understand opposition to this principle from the teachers' unions; but other trade unions, and all the political parties, could hardly dissent.

Mr. Robin Auld's report on William Tyndale Junior school, when stripped of its fascinating details about the deplorable behaviour of the various personalities involved, shows above all that under the existing system of a de facto teacher monopoly of power the children can too easily be deprived of this right to learn, while the authorities that should be acting in the pupils' interests feel, rightly or wrongly, that they cannot do so. It is true that the William Tyndale case is an extreme and, one must hope, atypical one—but there is a good deal of evidence to suggest that the disease has attacked numbers of other schools, if in a far less virulent form. This is nothing to do with whether education is "progressive" or "traditional:" the simple measure is output. If children who could be taught to read and write and count are not being so taught then the teachers involved are not doing their jobs.

Standards

Some of the ingredients for reform are already in the air. All education authorities will no doubt take note of Mr. Auld's report and many will presumably read the necessary lesson to their inspectors. At the Department of Education a study of the management of schools now under way should be influenced by these events to increase the powers of managers and parents. The embryo Assessment of Performance Unit is something upon which a proper set of basic standards, and the methods of measuring achievement, can be built. None of these ingredients constitutes a sufficient response to the deficiencies in some of our primary schools, deficiencies that inflict the cruellest harm on children who come from poor or overcrowded homes. Only a complete change of direction by the Department of Education could match up to the task, and for that we may need a bipartisan policy, a new Minister, and quite probably a new Education Act.

Time running out on fishing policy

AS THE Council of Ministers of the European Community begins its last meeting before the summer break in Brussels to-day, the British fishing industry will simultaneously hold a Press conference in London to launch another blast against the absence of a British fishing policy. This is not, of course, coincidence. Since the arrival of Mr. Crosland (who represents the fishing constituency of Grimsby) at the Foreign Office, the industry and the Government have been more on speaking terms than they were, and since the settlement of the cod war with Iceland the preparation of some sort of a policy has been under way. Yet the fact remains that there is a great deal still to be done, that Britain cannot do it alone, and that there is very little time available.

Reversal

The origins of the British predicament go back a long way. It is very curious, for example, that if there had to be a renegotiation of the British terms of entry to the Community, the common fisheries policy (CFP) was not included. It was, after all, a clear case where conditions had changed since the policy was formulated: the CFP was drawn up when fishing limits of three, six or twelve miles were the norm and no one had foreseen the general move to 200 miles. By the time of renegotiation, the change was on the horizon, but the Government chose to ignore it.

It is also true that British policy to-day is a striking reversal of the policy that maintained until only a few months ago. Almost until the settlement of the cod war, the British attitude was that the unilateral Icelandic declaration of 200 mile limits was illegal and that everything must be done to prevent anyone else moving in the same direction. British policy to-day is that the European Community must be persuaded to declare its own 200 mile limits as soon as possible. Since the U.S. and Canada — not to mention a number of smaller powers — are preparing to introduce 200 mile legislation early next year, the British reversal may be hailed as a recognition of reality. This does not mean, however, that 200 mile limits are acceptable under international law and it will be interesting to see the reaction of (say) the Soviet Union if it is told, as Britain was told by Iceland, to stop fishing in its traditional grounds because there is a new, but legally unjustifiable, 200 mile regime.

It is clear that if Britain is to get its way, it requires Community help: it would be much easier, for instance, for the Nine as whole to negotiate with the Russians than for Britain alone. But the problem here is that it is doubtful whether the rest of the Community sees the issue with anything like the urgency of the British. Moreover, there is a widespread belief that Britain is simply seeking to secure as much as possible of the new 200 mile limits around the British coast exclusively for its own use. That, of course, is a respectable negotiating aim, but, if pressed too far, may not be compatible with achieving Community support in negotiations with third parties.

Sharing

The fishing industry originally demanded an exclusive British zone of 100 miles, but has subsequently moved to 50 miles. The Foreign Office has suggested a "variable belt" of between 12 and 50 miles, but—given the time factor — even that begins to look like no more than an opening shot, for the more time goes by, the more Britain needs an agreement. It is therefore going to require either an act of magnanimity on the part of the rest of the Community or a major negotiating feat on the part of the British to get a solution. One would be more confident of the former if the British Government had been more *communitaire* on other issues. One would be more confident of the latter if the Government were prepared to drop the insistence on *mileage limits* and talk instead of Community sharing, joint conservation measures and seeing that no member unduly suffers from the new regime.

Serious flaws mar the proposals to revitalise London dockland. **Quentin Guirdham reports**

Strategy for wasteland

THE FINAL strategy for redeveloping London's docklands should be agreed this week. The Docklands Joint Committee — made up of the five boroughs which run either side of the Thames in East London, plus the Greater London Council — has taken its last evidence and had its last wrangle about how it thinks over £2bn. should be spent. The Government will be expected to respond, if possible before the summer recess. This is one of its trickier decisions.

Not that the Government, directly, is expected to foot most of this Concorde-like bill. The private sector is supposed to take up £900m. of it, and much of the rest would come from local authority rates. But the longer plans to redevelop the area have been studied, the clearer it has become that some special central government finance, over and above the normal support for transport and housing projects, would be necessary. The GLC and virtually all those with a say in the matter, are convinced that the key to any revival lies in better transport, and that the most important element in a new transport system is an underground service. The Government has made its allocations for capital spending by London Transport. They do not include enough to extend the Fleet Line from the Strand to Fenchurch Street in the City (£56m. at 1975 prices) let alone to the Isle of Dogs and beyond (another £100m. or more).

The stated position remains as it was in a White Paper last August. "Developments in Docklands will be eligible for the normal forms of Government financial support . . . the Government has no plans for special forms of support over and beyond these." But since then pressure has built up to change this stance. It will be much harder this time for the Government merely to say that it wishes the scheme well and then relapse into platitudes, as the White Paper did.

So, at the worst possible moment in view of its ambition to economise, the Government has to decide whether it can help to finance the Docklands scheme. Without extra support the plans may be still-born despite tentative proposals from the GLC to finance the tube line itself. The question is whether an attempt to change the course of history in this classic example of an inner city slum is really worth the money.

The history is bleak. In housing terms, the area was never anything but poor. It suffered London's worst bombing of the war, and much was never rebuilt. Industrially, its decline has followed the fall of the traditional docking systems. The London, St. Katherine, Surrey Commercial, and East India Docks have been closed by the Port of London Authority; the Millwall and West India Docks are closing this year. The Royals will remain. The workforce in the Port of London has fallen from 26,000 in 1967 to 9,500. There are dozens of examples of how other trades in East London, in the Docklands area and on its fringes, have gone into decline. Probably the most significant is the clothing trade, highly fragmented, much of which did not adapt to meet the competition of mass production elsewhere in Britain, and which has lately suffered further from imports.

The result is high unemployment, poor housing, literally miles of empty warehouses, and — the predominant impression given by much of the area — mounds of rubble and refuse surrounded by corrugated iron. All this begins no farther down river from Parliament than Chelsea is in the other direction.

Population leaving

What can be done? The central flaw in all the plans to change the area may be that they aim at improvement only — not at fundamental change.

The population has been steadily leaving. It is down to 56,000 in the Docklands scheme area. The planners therefore say it must be attracted back —100,000 or more by the 1990s. Industry has left. Therefore it must be encouraged to return. No politician, at least publicly, has said the area cannot be revived with anything like its present social structure, that it would be better to encourage the inhabitants to leave, better to encourage the low-employment warehousing for which there is a demand, rather than factories for which there is not, perhaps better even to encourage some of the marinas and golf courses which a study commissioned by the last Conservative Government envisaged.

Such negative solutions do not commend themselves, particularly when East London has such a sentimental hold on politicians. Even those who feel that dockers' demands had more to do with the decline of the Port of London than containerisation, or that one-party local government apathy has more to answer for in terms of bad social conditions than has financial deprivation, also do feel a sense of guilt toward East London because of its history as the poor end of town, the pool of cheap labour which built the capital. So it has always been accepted that the Docklands must be rebuilt rather than further depopulated.

Granted this, what are the consequences of delay, of merely dickering with the worst problems rather than spending £2bn? At present the cry is for jobs and it is its promises of employment that command most support for the Docklands scheme. But behind this lies a longer-lasting fear which makes Sir Reg Goodwin, Leader of the GLC, say that "the social consequences could be quite disastrous" if the rebuilding does not start soon. Jobs are part of the issue, but it is the other social stresses of the area which are most apparent. To talk of a social breakdown in East London is to offend the popular tradition. This, surely, is the closest-knit community in London. It has suffered its vicious political and ethnic feuds, as in the Mosley riots in the 1930s, but in the end Cockneys look after each other. There is a deep conservatism in attitudes which will hold the society together.

But there is a more likely, and more depressing, view of the future. The inner cities of the great conurbations—Merseyside, Manchester, Glasgow, as well as London—have long been losing their key industries and their more prosperous inhabitants. Industrial investment by major employers has long been in the big plant complexes on green field sites. The smaller employers whether they be genuinely craft industries or simply sweat shops, are losing their markets.

A greater proportion of the inner city populations go to poorly-paid service industries, while the better-off go to the suburbs. The population of the old London County Council area has been dropping since the last century. Perhaps only the geographical factor of the docks saved East London for as long as this from turning into an American-style inner city slum. The spectre ahead is of a wasteland where only the very poor, the socially inadequate and the immigrants will live.

The 8½ square miles of the Docklands scheme area represents probably the nearest London yet comes to this. To reverse the trend here would also help to stem the rot in larger areas of East and South London. The boroughs (Tower Hamlets, Newham, Southwark, Lewisham, and Greenwich) and the GLC now appear to have a joint sense of urgency about at least making a start to implementing their plan.

What this amounts to over the next 15 or 20 years, according to the strategy plan published earlier this year and subject, after a consultation period, to some modifications which should be known this week, is:

● £227m. for land and site preparation, with a community land board, under the Joint Docklands Committee, holding acquisition power under the Community Land Act.

Action group

● £291m. for housing and rehabilitation, with 20 per cent. of the new houses owner-occupied, and a roughly equal split of the remainder between local authority renting and some form of equity sharing. There is vociferous opposition, mainly from the GLC-sponsored Joint Docklands Action Group (made up of young, fairly radical, community planners and workers as an umbrella organisation for all the "action groups" involved in the area) to the low level of straight council renting. They say most of the present population could not afford any form of equity sharing or owner occupation. The councils which support equity sharing reckon it will be cheaper for them in the short term, and an encouragement to maintaining property.

● A total of £467m. on transport, £282m. of it for roads. The GLC thinks that, at least for the present, some of the road schemes are unnecessary: the South-East Economic Planning Council thinks the roads should get priority over the underground (it also thinks there is not enough private housing): and the Joint Docklands Action Group thinks the river should be exploited for transport, that more buses is the immediate priority and may prove of more help than a new underground.

● Then there is £11m. for recreation and open space, £29m. for schools and health centres, and £118m. for gas, water and electricity supplies.

That makes a total of £1.143bn. (stated in 1975 terms) of public sector investment. In practice that total should slightly overstate the requirement and the private sector figure of £900m. be understated, since the public sector figure takes in land costs which would be recouped from private developers under the community land scheme.

Of the £900m., excluding land costs, which the planners hope the private sector will contribute, the biggest slice is the £800m. which it is thought the development of the Trade Mart in Surrey Docks will use over the next 18 years. The leasing agreement for the land, between Southwark, the GLC, and the American developers, Trammell Crow, has already been drawn up. What has not been disclosed yet is where the funding for the first £30m. phase of 1.3m. sq. ft. of warehouse and exhibition space is coming from.

Even leaving aside this huge enterprise, backed by a group with a remarkable success record in running trade marts in Europe as well as America, the Docklands Scheme has to hope for £400m.-worth of private investment in factories with only £50m. expected (or rather allowed) in warehouses and offices. This is where the strategy plan begins to sound so unlikely. It assumes that 76,000 new jobs, mainly industrial, will be needed in East London by the early 1980s: and that the Docklands area could produce 24,800 to 31,000 of them, mainly on 620 acres designated for industrial development in three zones—the Greenwich peninsula, the Poplar-Silvertown area, and at East Beckton.

But how is industry attracted back to an area when recent history shows quite clearly that it cannot survive there and, ironically, the decline of the docks has just provided another disincentive in the Dock Work Regulation Bill? The planners argue, with justification, that often industry has not had the sites it needs, that expanding companies have been forced out, not just by Government's financial encouragement to go to the Assisted Areas, but by the better facilities they find there. A policy of wholesale land acquisition providing space for modern factory estates would change this. Tr[...] that, with a higher th[...] age proportion of skille[...] and being next door [...] country's biggest mark[...] must still be a[...] for industry. They w[...] the incentives to leave [...] abolished and, indeed[...] able to offer some to [...] start there.

Industria[l] base

Plenty of those [...] think the private sec[...] to make its own decis[...] not invest sufficiently [...] lands. Which came fir[...] union militancy which [...] drives employers away[...] employers moving away[...] duce that militancy—is [...] academic argument. [...] ing that industry [...] ("Capitalism is faili[...] won't ("Bosses only w[...] labour") invest is oft[...]

"To restore an i[...] base in Docklands wil[...] direct investment f[...] Government or the [...] Enterprise Board," is t[...] comment of the I[...] Action Group.

But the Government [...] it very hard to justify [...] investment. It would m[...] ing a small tract of Lo[...] Docklands, an excepti[...] regional industrial po[...] alone to the notion of [...] winners." Even to m[...] further relaxations to t[...] Industrial Developme[...] tificate, or perhaps f[...] to encourage the [...] boroughs to create th[...] "advance" factories, v[...] volve major policy ch[...] reality, the odds are [...] Departments of Indu[...] Employment can off[...] but kind words to the [...] The Department of the [...] ment may be tempted [...] more, particularly s[...] Peter Shore is MP for [...] and Poplar, for the [...] and housing programm[...] this is a difficult time [...] ing for extra Governm[...] While few who know [...] would condemn any [...] improve it, equally f[...] bet on more than [...] success.

MEN AND MATTERS

Mothercare's U.S. moves

Mothercare has finally clinched its first corporate acquisition overseas—spending $1.2m. on an American store chain—and is backing its belief in the possibilities for expansion by despatching a large and heavyweight management contingent to the States. The founder and *present chairman and managing* director, Selim Zilkha, is a U.S. citizen, which perhaps goes some way to explain the enthusiasm for having three senior U.K. executives out there in future: they include his long-time partner Barney Goodman, more or less joint chief executive and with Zilkha for 13 of Mothercare's 15 successful years.

First the deal itself. Mothercare, with £60m. annual sales, has 158 branches in Britain and 13 on the Continent. It first tried to break into the American maternity market three years ago but failed finally to agree terms with the equally aptly-named Motherhood chain.

Motherhood is based in California. The only other national chain of significance is Dekon Corporation, with headquarters at the other end of the country in New York, and this is the company Mothercare has now purchased. It operates 114 shops in 27 States. Most of them are smaller than Mothercare's U.K. stores, and the stock range tends to be restricted just to outfits for the mother-to-be, which in Britain only accounts these days for about ten per cent. of the Mothercare range.

Some of Dekon's larger stores therefore have the potential for *their range to be extended* to clothes for babies and small children *à la* Mothercare.

American Jerome Bercun will continue to be president of Dekon, but with a trio from Mothercare U.K. on the spot too. Apart from 51-year-old Goodman, who has already lived there for a year, the new U.S. residents will be financial controller Stanley Silver, who joined Mothercare in 1973 from the Watney Mann brewing group (he had enjoyed the company before Grand Metropolitan's takeover but "I felt it changed slightly afterwards"); and Charles Wilson, ten years with Mothercare and lately head of overseas operations.

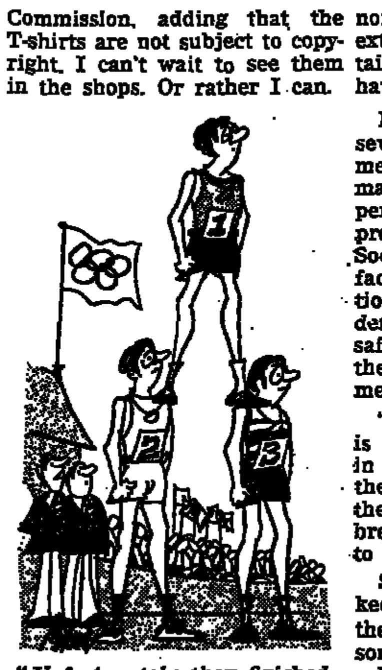
Most British retailers have fought shy of the tricky American scene, preferring to expand in Europe and the Commonwealth. Mothercare, which last year pulled out of its Japanese activities and cut back in Germany, seems to be paring the risks with its latest deal by moving in management.

All in all, the Dekon purchase is "very exciting," declares Silver. "It could prove to be a greater opportunity than when the company started here in the U.K."

EEC's new model army

Little did we suspect, when Britain happily signed up for, and later confirmed, membership of the Common Market, the unexpected benefits it would bring. See what you think of this. At the end of this month, 24 frontier crossing points in the EEC will be manned by "a small army of models" who will have 1.2m. pamphlets about the Community to distribute.

The models will wear Community T-shirts, and will be stationed in places as diverse as the Mont Blanc tunnel and Fishguard. "The folder explains simply in ten paragraphs in six languages what the Common Market is about," says the EEC Commission, adding that the T-shirts are not subject to copyright. I can't wait to see them in the shops. Or rather I can.



"Unfortunately they finished before the builders."

Beery

You never know, it may rain today and go on for the rest of the summer. But if that doesn't happen, the problem of beer—and particularly lager—supplies look like being a persistently perspiring one for many pubs. The huge increase in lager drinking has led to supply shortages, and draught bitter has proved a difficulty in some instances.

Some publicans are now pressing the National Union of Licensed Victuallers to sort out compensation terms so that the brewers would pay up something towards trade lost, an unusual if perhaps unrealistic approach.

On lager, the Brewers Society reports that consumption is up anywhere from 60 to 100 per cent. over the normal demand thanks to an extended heatwave that retailers and brewers could hardly have foreseen.

Production of icy lager takes several weeks as its very nature means it must be kept in maturation tanks for a long period. "Apart from this long production period," the Brewers Society adds, "brewers are faced with enormous distribution problems to cope with the demand on this scale. Road safety and other rules govern the number of hours which draymen can be expected to work.

"Despite this, every brewery is working overtime until late in the evening and throughout the week-ends to get supplies to the pubs. In addition many breweries are allowing retailers to collect supplies themselves."

Sounds fine, but for publicans keen to ensure or even step up their own draught bitter stocks, some breweries are sticking to collection rules which have irritated their customers. For instance, Ind Coope, the South East operation of Allied Breweries (on record as offer*ing licensees more bitter to* make up lager shortfalls) is restricting the amount of beer that can be collected from breweries and depots. "This is only sensible," explains Allied, "in view of the safety regulations and the danger of congestion." The quantity that can be taken away: one 36-gallon (288 pints) barrel, not an awful lot on a sticky day.

Hear this

From the Your Questions Answered section of a Shropshire newspaper: "Wood lice are small isopod crustaceans of the genus Oniscus. They live under old bricks and bark."

Observer

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FINANCIAL TIMES SURVEY

Monday July 19 1976

Property

Investment has been increasing but development has declined against a background of rising property values. The banks and the property companies are feeling the aftermath of the 1974 collapse. Commercial rents are generally sluggish but industrial demand is improving.

Market lacks stability

By Quentin Guirdham, Property Correspondent

'EAR WILL be ed as the period in roperty values in re re-established after *appears to have been* action to the banking- crisis of 1974. The ature of the market, Government legis- inflation of building the poor investment alternative sectors contributed, is in- a growing minority lustry who feel that re already gone too

as not a *situation* ced likely a year ago. downturn in new nts would, it was ear, produce a short- supply should the move into a strong phase. But that was ged for at least two it has not happened. mand has remained ost sectors.

ras not anticipated— warnings of over- ere heard only early —was that the invest- ket would pick up so a period of static rental values. The *ch pension funds and* companies are plac- ll-let offices and ware- nd on prime retail ppears to defy strict t logic when these a discount in initial 8 or 9 percentage hen compared with idated Gilts.

t-war Britain has seen ods during which the erties have shown the necessary compound growth rates, often into double figures, to justify such a gap. This would be enough to explain why *most fund managers want to* see approaching a third of any portfolio invested in property, without taking into account the unquantifiable premium which property commands over equities and Gilts as an asset which could weather economic or social collapse.

Property development has just suffered a disastrous decline, but property investment has not. In 1973-75 the proportionate value of properties in a fund soared over its equities and even, in 1974, its Gilts. Most of the rents kept coming in, and they rose when reviews of levels set five or *seven years before came up.*

The investors have not escaped unscathed. Many of the prices they paid in 1972 and 1973 in central London still look foolish, as do the prices they paid for whole property companies. Many of the buildings bought to be refurbished have been caught by an overrun on the cost of improvements, a poor letting market when these were finished and the high interest the capital could have earned during the period of no revenue.

Immunity

But the bulk of holdings, in tenanted offices and shops, have proved their immunity to recession and inflation. This was a sounder reason for institutions to stick to property than had been the roaring capital-value increases of the previous years.

The aftermath of the development boom based on those values can be seen in the rising *trend of institutional investment* even in 1974 and 1975. Insurance companies and pension funds spent £710m. in 1974 and £748m. in 1975, compared with £252m. net investment in 1972 and £555m. in 1973. That spending in the years following the peak of the market did not stop bank lending to the property sector (though these totals include lending to the residential sector in which the institutions do not directly invest) to show net *increases* of almost £1bn. in 1974 and £200m. in 1975.

In short, the investment market played a major part in enabling property companies to de-gear from the exposed condition in which their development programmes had left them. But it is in no way sufficient to clear the backlog of property lending which the banks have incurred, much of it on secondary properties which the institutions do not want. Indeed an alarming proportion of it is on empty sites.

The extent of final bank losses will take many years to assess. Provisions announced by the secondary lenders like First National Finance Corporation and Keyser Ullmann represent the immediate impact of *the collapse of many of their* borrowers. What the security they leave behind is worth depends very much on rental demand over the next few years and the extent to which this may tempt institutions into what are at present regarded as secondary investments.

A similar question mark hangs over many property companies. The quoted groups have sold around £850m. of assets over the last two years, some of this overseas. This has still not been sufficient for many to cut borrowings and produce a positive cash flow, while the fall in central London office values—the stated assets often being based *on 1973 valuations* —and of new developments virtually everywhere has eroded their equity base.

As development programmes come to an end and short-term *borrowings fall, the effect of* this, combined with sales and real asset values recovering back towards 1973 levels, will save several groups who appeared doomed, merely being left as corporate entities because of the lifeboat offered to property as part of Bank of England policy to stabilise the market, and because the individual bankers could anyway see no advantage in foreclosing on their security if it consisted of empty office blocks or unfilled sites.

Only one major public group, Amalgamated Investment and Property, has gone into liquidation, and that happened more than two years after the collapse began. The major private company failures, notably of the William Stern Group, mostly included abnormal circumstances and a reliance on lenders who were themselves collapsing.

But three of the largest public groups remain in a position where their equity base has been whittled away almost to nothing. Town and Commercial, Capital and Counties and Town and City have all had to seek changes in their borrowing powers and, while Town and City's *survival* is assured in some form by the Prudential and by Barclays, Town and Commercial is currently attempting to agree an interest moratorium with its U.K. banks and loan stock holders while Capital and Counties is in further talks with its banks following disposal of most of its overseas assets and about £50m. *of properties in Britain.*

This, even allowing for the failure of several smaller public groups and the host of private development companies which have gone under, leaving the banks to pursue the often ridiculously high personal guarantees accepted from their directors, is a far smaller harvest of corporate failure than could be expected. It must be expected that banks, now that the immediate reason for not upsetting values by a plethora of forced sales has gone, will progressively feel that there is little to be gained by allowing interest to roll up any longer.

Meanwhile the majority of *public groups, whose funding* has been proved sound, face a period when they appear to have little alternative but to turn into purely property investment companies. The economic factors which prevent them undertaking further development have been accepted by, for instance, the Pilcher Committee, reporting to the Government on the commercial property market. Mr. Sydney Mason, chairman of Hammerson Property and Investment Trust, normally an active developer (this year it completed the Brent Cross *shopping centre) has said that* it will need a 30 to 40 per cent. rise in rents to make development possible.

Such a rise seems unlikely. The Government itself was a major force in the letting market for most of last year, but the requirements of its Property Services Agency, both because of contracts completed for staff relocated from central London and because of expenditure cuts, will decline. The private sector is now taking more new space, but only in limited areas.

Industrial demand has begun to improve, and this is one area where the economies of development are still favourable. It will account for a very large proportion of the new expenditure by property companies in the next year provided the economy does not decline further. Industrial rents, being a smaller proportion of total costs for users than office rents, have shown steadier growth than any other sector and may once again begin to move upward.

Retailing demand has been *maintained and reflected in ren*tal values, but the scope for major developments is limited. There will be few more large central area shopping precincts built in the next decade, and the growth of out-of-town retailing has been largely in owner-occupied premises.

Demand for office space does not at present justify increased rents in the near future. There are a few areas of strong demand (the Scottish centres of Edinburgh, Aberdeen and increasingly Glasgow too), and in central London, which suffered *the sharpest falls, the last year* has seen an increasing number of *large* lettings to international companies.

But throughout most of the country there is still a large oversupply of office space. In some areas this will be enough to satisfy demand for several years. In others, such as the South-East, particularly in and around London, with the planning policy restriction on development as well as economic factors a shortage will be created by a continuing lack of development. Rents will rise, and if by 1978-80 the economy is much strengthened, then they could rise sharply.

Such a possibility is not, however, sufficient for development companies to fund schemes now to take advantage of that demand, and so avoid *a chronic shortage of space* which would lead to another unsustained boom. The gap can only be filled by tax-favoured institutions. Several, mainly insurance companies, are going ahead with refurbishment and rebuilding schemes.

The main institutional market however, remains in existing well-let properties, whose value will be boosted by the shortage of investments created for them by developers. Government policy envisages a larger development role for the institutions. The next year will show whether they are prepared to fill it.

PROPERTY II

SELECTED PROPERTY COMPANIES

	Gross rental income £000	Pre-tax profit before interest £000	Pre-tax profit after interest £000	Dividend yield %	Market capitalisation £m.	Net tangible assets £000	Net tangible assets per share pence
Allnatt London Property ...	3,280	3,100	1,715	3.56	27.5	23,847	118.2
Artagen Properties	3,274	4,057	2,231	4.67	49.6	41,416	74.3
Berkeley Hambro	4,652	4,386	1,339	3.87	51.2	48,328	292.0
Bilton Percy	3,555	6,740	5,022	4.10	31.3	16,034	77.3
British Land	11,184	11,042	−6,610	0.00	15.4	110,231	246.9
Brixton Estate	N/A	2,955	1,140	2.46	24.6	34,351	106.0
Capital and Counties	18,240	22,063	4,203	0.11	10.9	91,754	121.8
English Property	56,165	38,063	4,262	6.89	42.2	132,078	159.7
Great Portland Estate	4,780	3,630	1,852	2.57	67.2	46,323	165.4
Hammerson Property "A"...	27,467	17,026	3,376	1.89	46.2	55,051	438.6
Haslemere Estates	4,507	5,496	1,049	1.98	47.4	71,053	310.1
Land Investors	2,154	1,854	926	2.81	29.6	25,963	79.9
Land Securities	46,368	38,755	15,576	3.93	264.7	434,368	277.3
Law Land	4,080	2,413	659	6.15	19.0	24,942	76.3
London City and Westcliff	4,352	2,980	− 499	0.40	16.7	37,003	42.1
MEPC	41,238	22,532	−5,011	0.00	79.0	239,101	223.9
Property Holding	2,133	1,524	766	3.67	29.2	38,160	320.7
Scottish Metrop. Property...	2,366	2,321	820	3.48	20.9	22,325	82.2
Slough Estates	9,597	9,828	5,313	3.44	75.5	75,545	82.6
Stock Conversion	6,174	5,700	3,559	1.41	52.9	61,837	206.8
Sunley, Bernard	4,086	2,746	−2,383	5.24	18.6	49,935	312.1
Town and City Properties ...	28,291	10,322	−9,806	0.12	26.1	116,358	57.8
Town and Commercial Prop.	N/A	4,888	−4,732	0.00	0.5	21,500	213.7
United Real Property	2,094	1,934	1,312	2.75	23.8	28,756	239.6

Statistics and market capitalisation based on 13/7/76, therefore not taking account of, for instance, the proposed Capital and Counties sale in Different bases may be used for some calculations, such as the adjusted net tangible assets which here represent equity assets including goodwill and property surpluses at directors' valuation not incorporated in the balance sheet.
Source: dataSTREAM International

Signs of more active investment interest

INDICATIONS OF a much more active investment market in commercial property have been multiplying for some months past. The clues were there before that — with, for instance, a very sharp upturn in the intake of funds by tax-exempt unit trusts in the second quarter of last year. But such money took time to find its way into the market (of their £88.6m. intake last year the unit trusts only managed to spend £33.8m.).

The wonder to some analysts remains that such a short period of renewed investment activity should produce such a sharp drop in investment yields. This has occurred against a background of static or falling rental values and opened up a gap of 9 per cent. between initial yields on prime offices and shops and those on undated gilts. Those prime yields also chased down the yield on the FT All-Share Index. Having historically run more than a point above the All-Share yield, they have now dipped below. The only time that has happened before for more than a week or two was in the somewhat artificial period from mid-1974 to the revival of the stock market the following January.

Depending on from what point one charts the drop in the then thin market and taking 5¾ per cent. as the present rate, yields have come down over the period by around 1½ per cent., and by more for the best industrial investments.

Back in February Mr. M. H. Mallinson, deputy chief surveyor of Prudential Assurance, wrote in an investment bulletin from Vanbrugh Life Assurance, a medium through which he presumably wanted to express his company's philosophy, that "property has become the fashionable area for investment. The impact of this demand has *driven down the yields on the* limited supply of suitable properties. In view of the underlying weakness of rents, with no sign yet of any recovery, and the background of historically high interest rates, yields in a few cases seem to have reached excessively low rentals."

Case

To prove his point, he then quoted the case of a below-£½m. West End investment which was sold at 5¾ per cent. That size of investment was known to be a log-jam area of the market, with many small funds, often new ones, competing to get a foothold in property.

Mr. Mallinson's message appeared to frighten few. From sub-6 per cent. yields for the odd small office and for prime shops, this range became a commonplace for larger investments. The bulk of deals, even though institutions were still being very selective in their purchases, were above the 6 per cent. mark, but triple-A investments were comfortably below. There was talk even of one or two purchases at barely 5 per cent. and also of institutions gazumping each other.

Even the sterling crisis and the rise in the minimum lending rate did no more than to halt the downward trend — not reverse it. The level of investment activity began to show through in much improved valuations. Eagle Star's £55m. purchase from English Property Corporation and Sun Life Assurance Society's bid for Artagen were icing on the cake for those who wished to see this as a return to the conditions of the early 1970s.

The similarities are ominous but the differences are substantial. Much of the investment (including both Eagle Star's and Sun Life's) was between institutions and related companies—not in the sense of the enormous unscrambling sales of the previous year—but nevertheless by no means symptoms of any quick decision that property must be bought in a hurry (Eagle Star had wanted more property since its Bernard Sunley offer had been referred to the Monopolies Commission and Sun Life wanted to cancel its funding agreement).

Much of the £305m. and £342m. investment in property by pension funds in 1974 and 1975 respectively and the £406m. and £406m. *by insurance companies* covered commitments entered into in previous years and this trend is not yet finished, particularly for insurance companies. It is the pension funds which have made the running in the new uncommitted buying and they have only recently pushed the level of total institutional investment in property to over £200m. a quarter, roughly half the rate of equity buying last year.

That the level of pension fund buying should increase was almost inevitable. Not all the newer funds are small. The local government reorganisation has created several very large new funds which have entered the property market for the first time, while other comparatively new funds have wanted to increase their proportion of property holdings from 15 per cent. to around 30.

Against this, many an older fund had found, with the fall in equities, that property was making up a disproportionate degree of their assets. They also noted that when it comes to slumps, only what you could sell mattered. The institutions, which have always been more careful reviewers of their portfolios than most property companies, realised that exploiting marriage values to give realisable assets was both a defence against worse to come and also relatively cheap. There has been a great deal of tidying up in this way.

Next, the institutions have only come back into the market in fairly prescribed areas—shopping centres, regional offices, and within a few areas industrials. They were also being extremely fussy and this showed through in the lengthy periods it took to complete any sales to them.

The danger perhaps was that the move to regional offices—highlighted by the purchase for £6m. down £3.9m. later by the Legal and General Assurance (Pensions Management) fund of the Penning Centre, Sheffield, mainly let to the Midland Bank—would develop into just as much of a herd movement as the rush for central London before.

Memories

The more recent revival of investment interest in London has not yet proved that institutions have such short memories as to make the same mistakes again. Besides, in the City there appears to be a better than average chance of rental growth from the fallen levels. But the recent larger purchases there do not present evidence to suggest that investment yields on older large properties in the City are anything but still well above those in well-let regional blocks.

So the market appears to be delicately balanced between being pushed into an indiscriminate buying spree, fuelled by thoughts that the drying-up of created investments makes this a "Hurry while stocks last" time, or drawing back from the brink of yields in the low fives to continue with highly selective investments.

The mood of the past fortnight has been one of heady talk of huge deals and auctions developing over several invest-
ments. If true, then
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Richard Ellis seems v
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Quentin Gu

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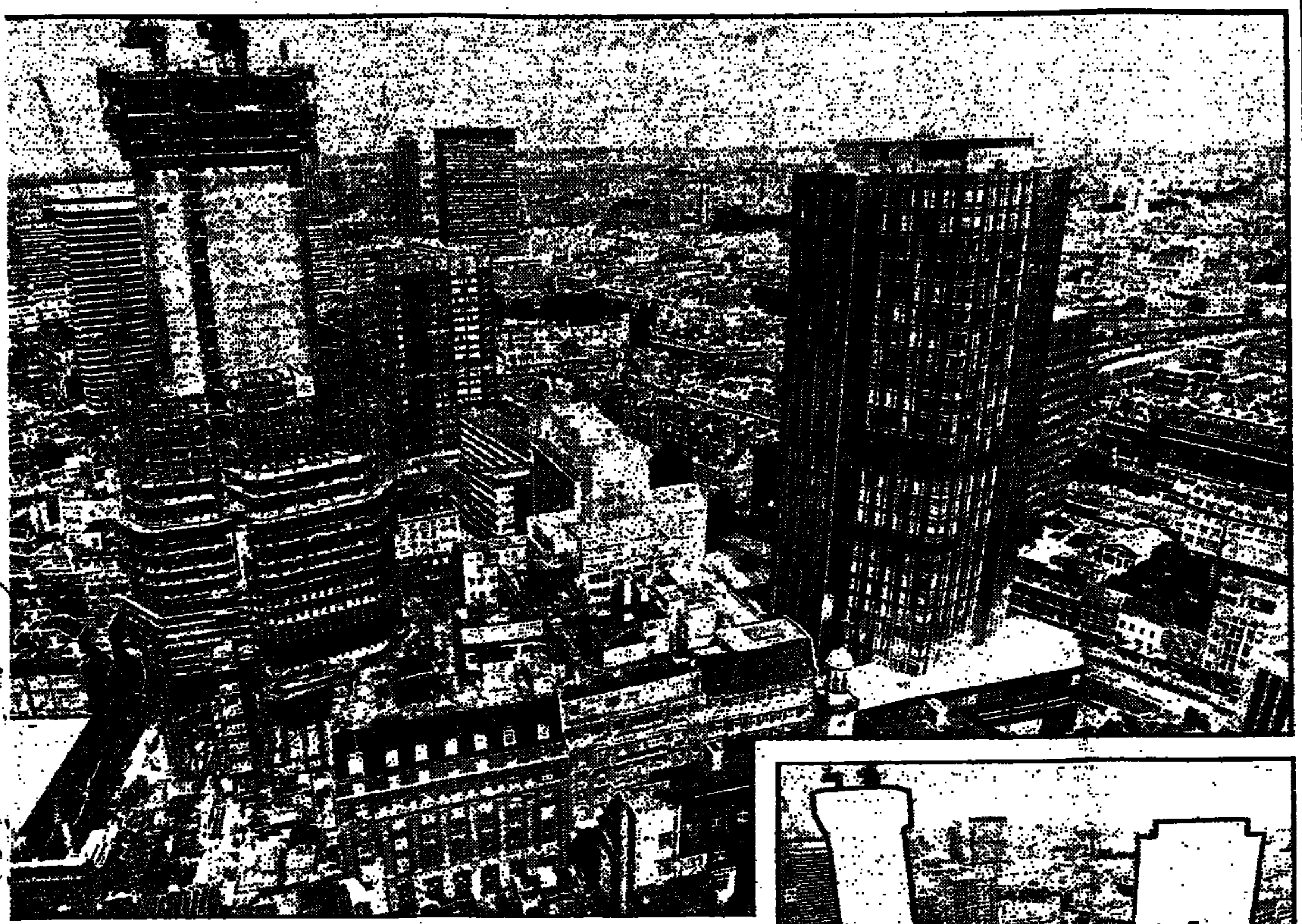
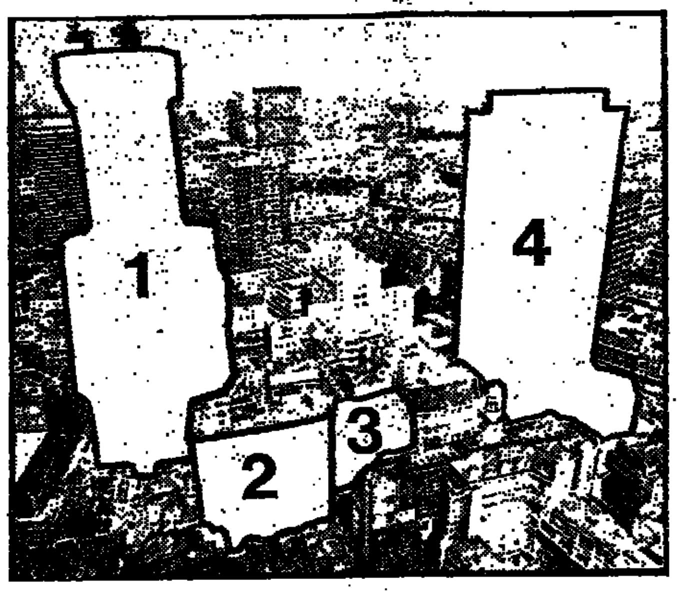
PROPERTY III





e the 52-storey National Westminster tower block (1) in the City of London ɔs towards 600 feet, near neighbours have been sold in two of this year's r deals. The headlease of 99, Bishopsgate (4) was sold to the main occupiers, ı Kong and Shanghai Banking Corporation for £32.5m., probably the largest transaction on a single block. Berkeley Hambro Property Company, half-rs of the lease, also sold the freeholds of 41, Bishopsgate, the Hambros : headquarters (2), and 51, Bishopsgate, Palmerston House (3), (subject to seback at 80 per cent. of rack rent) to the GEC pension fund for £10.37m.

Property bonds take back seat

RED with the confident 1972-73 there is still an ıere of conservatism in ɔerty bond field despite rovement in sales over . year. The most notice-ıange is that whereas the property boom ·· bond funds were keen the lead in property de-ınt — openly boasting ıeir acumen in placing t cash inflows—they are ppy to let the pension ake the lead. As Ray manager of the Abbey y Fund put it, the funds are in a dominant in the property market ıoment and the days of : inflows of money into · bond funds seem to ne.

ı reckons it is doing well a positive net inflow, is a far cry from the ·hen £6m. of single o money came in over ıonth. Monthly sales ·s do not amount to a of this figure and the outflow of single n redemptions in 1974 Abbey (and the rest of ɔperty bond field) a · lesson about the impor-of conserving liquidity t building castles in ɔout the possible values ·s in the ground."

ituation now, according y, is that a lot of funds ıncluded) are returning ıarket so far as develop-ıre concerned, but the terest is in pre-let pro-ır those which are ially pre-let. The Abbey 'or example, has only n one new development past 9 months and that ot only pre-let but l an existing property ' the fund. Really big ments are ruled out of the substantial com-t involved and Abbey that a 200,000 sq. ft. ock is now too much for s" liquidity to carry.

ical

the past few months a acquisition has been in ı. to £1m. range and the ange of contemplation is at the moment to about deed this would be for ing property, for Abbey that it prefers smaller ; in the development — with a limited risk apid income-producing ıl.

is a far cry from the days when property ınds looked to the upper s of the property field, eed the accent now is on acquiring existing properties (including agricultural properties) without paying too high a price. Abbey had some acid words to say about the antics of pension funds in this respect, saying that some of the prices being paid could not be justified in Abbey's terms. This sounds very like what some insurance companies were saying about property bonds during the boom, but then these attitudes are all relative to net cash flow. One point Abbey makes is that despite the publicity given to property funds they never did represent more than 20 per cent. of the market even in 1973.

Programme

A similar story comes from Hambro Life, which is shortly due to secure a stock market quotation. Hambro director Sid Lipworth says that the old development programme which started in 1973 has all been completed and the buildings let to occupational tenants, with the exception of two which are partially let. During 1974 and 1975 Hambro stayed out of development and is just starting to edge back, with the accent on letting to the occupier rather than the developer. Hambro originally started its development programme in conjunction with developers and this worked out satisfactorily, but there were a number of renegotiations as some developments were scaled down. Now the maximum size that Hambro Life is willing to contemplate is about £2m. and speculative development is looked upon with caution. It might be possible, say with an extension of a well-placed industrial site, but Mr. Lipworth reckons that the days of optimism have faded somewhat and that development is now a cold-blooded business which is only entered into with extreme caution.

Having said that, Hambro Life has nevertheless quite a number of developments under negotiation. But one feature common to all funds now is that development in Europe is a dead duck—apart from anything else Bank of England approval is no longer forthcoming for exchange control reasons.

Another force in the property fund field are the property unit trusts, which are set up to allow pension funds, charities and local authorities to invest in property. Demand for units has been going very well this year but, unlike the big pension funds, the property unit trusts cannot be sure of a sustained monthly cash flow. They live from month to month and tailor their investment policy accordingly.

The Pension Fund Property Unit Trust (PFPUT), for example, says that starting from the basis of above-normal liquidity in the early part of 1976, it is now taking its buying programme more gently and selectivity is the keynote. At present development is still a case of mopping-up operations where planning permission had already been given but the managers feel that developments in the industrial sector are looking more attractive—depending of course on whether industrial recovery does become a reality in about six months time.

Industrial premises are easier to put up than offices and easy to let when conditions are right. Apart from that, PFPUT is still in the agricultural field and still in the market for the good £½m. property, though recently there has been a tendency to look at the more expensive properties which suffered most after the boom. PFPUT puts anything over £1m. in this class and currently its portfolio has 30 properties of over £1m. out of a total of 170.

But the majority of property funds—and especially those in the property bond field—learnt too many hard lessons in 1974 to go overboard this time with big properties. Perhaps Tyndall was the main culprit during that period when, anticipating a continued high cash flow, it bought a property which subsequently turned out to be too big for the fund's size. It was not the only one but the most striking example and the mistake is not liable to be repeated.

Premiums

Most bond funds are also now anxious to attract regular premium policies in (hopefully) equal proportion to the more volatile single premiums, but inevitably this tends to be a slower method of growth. It is also significant that some companies like Hambro Life are more keen to sell property as part of a "managed fund" deal to the investor so that they can ring the changes on equities, property and fixed interest as conditions change. But inevitably property tends to be the most static part of these funds simply because other investments are more easily liquidated.

One big question mark during 1974 concerned the performance of property funds and the apparent discrepancy between widespread news of crashing property values and the minuscule downgrading of fund unit values in the early stages. No doubt the valuers had their reasons—one of which was that valuations were conservative during the good times—but it all added fuel to the view that in bad times property values were much more difficult to pinpoint than equities.

But what the property funds can now say is that over the longer term (since the recovery in property values) is that property has still turned out to be a gentler ride than equities. The majority of property bond funds show gains over a five-year period, though none is particularly exciting.

Christopher Hill

Industry opposes legislation

WHILE THE articulated juggernaut with the dual numberplate CLA/DLT creates the most noise with its passing, it is not the only traffic on the road for property men to watch out for. There is a whole convoy of property-linked legislation going through Parliament at the moment.

The only Bill which has the wholehearted assent of the property world is the private member's Bill to regulate estate agents which has just been introduced by Mr. Weetch. It has only just been announced so the details are not yet clear, but the emphasis seems to be on putting the onus onto the professional bodies within the framework of general guidelines through legislation. This must stiffen the sinews of the RICS and ISVA, who for years have complained that, without compulsory registration for their members, their institutional discipline lacks teeth.

One important aspect of the preamble to the Bill is the sensible approach to the basis for registration. The authors seem aware of the need to frame entry requirements in such a way that they do not penalise estate agents of undoubted experience who do not have formal qualifications.

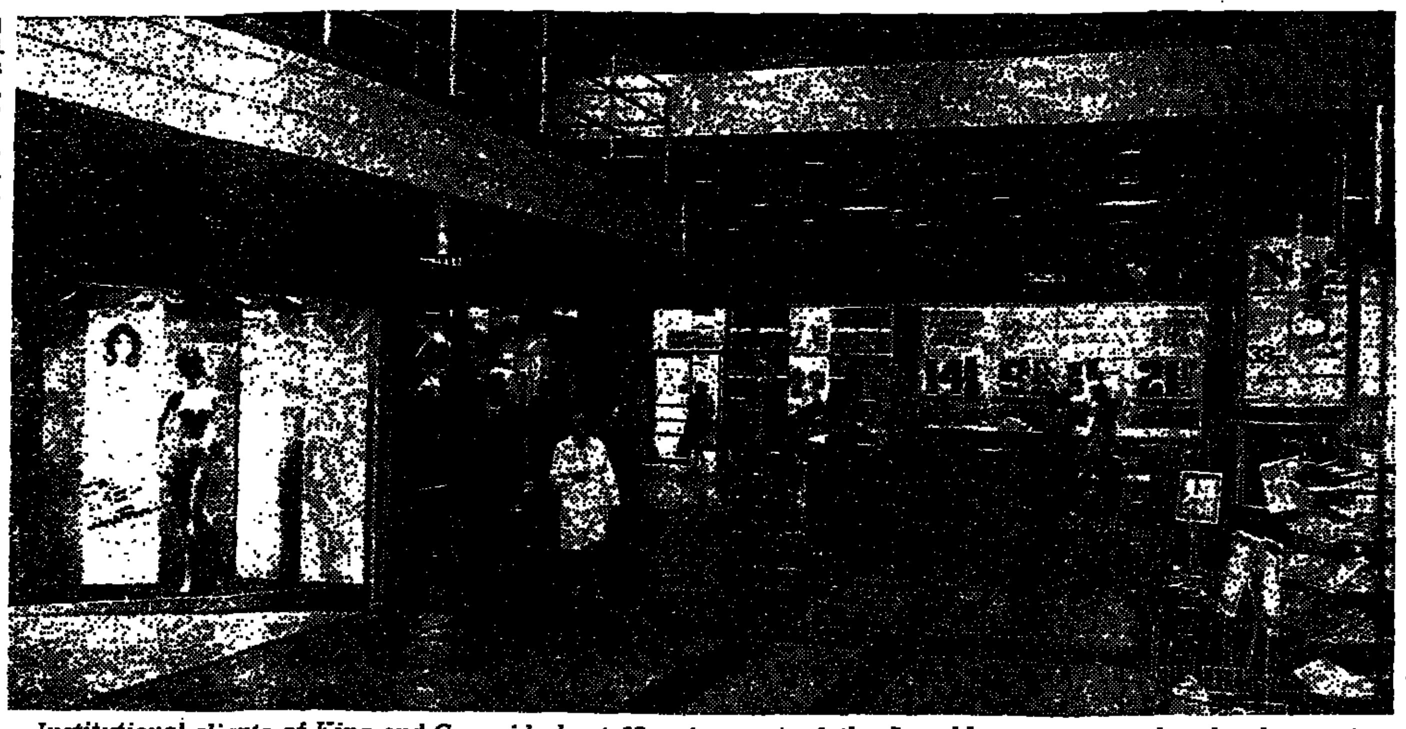
But if this Bill is looked upon with favour, few of the others are. In most cases it is difficult to believe in the supposedly changing attitude of Government ministers towards the property sector. In some quarters it is being said that the implacable opposition to property is softening and that Government has realised it went too far in making "the pips squeak."

But as recently as June 22, during the debate on the Development Land Tax Bill, the Minister of State for the Treasury, Mr. Denzil Davies, made the statement that "there is no shortage of commercial development and no lack of profit in this area." In 1976, given the background of failing companies, suspended development programmes and property write downs, this view has left property men speechless. In fact, it seems, the Government intends to press ahead with new rules for property, which will even hit at nationalised industries.

In particular, there is the New Towns Amendment Act, which transfers to district councils all the housing assets of the new town development corporations. While hotly denied in some quarters, it seems that the Government has turned its face against new towns, despite the fact that they provide the central exchequer with some £40m. per year in revenue as well as performing efficiently in the provision of houses and industry.

Other legislation affects agricultural land. Two Bills currently before the House prove that farming is now firmly in the political arena.

The first is the legislation abolishing tied cottages for farm workers. Traditionally, farmers have provided accommodation for their workers on the basis that the worker can be evicted if the farmer replaces him or if he leaves the farmer's employ. Now the security of tenure provided in the 1974 Rent Act is to be extended to cover farm workers who have had two year's service in agriculture.



Institutional clients of King and Co. paid about £2m. for part of the Loughborough central redevelopment scheme by Three Star Properties.

Requisition

The Act is not as fierce as originally proposed. The farmer will, after all, be able to requisition the property for a new worker, when it will be the duty of the local authority to house him. But he cannot be moved until alternative accommodation is made available. However, where there are councils with long housing lists the farmer will be hamstrung until accommodation is found for his ex-worker.

More vital, perhaps, to the workings of the farm land market, however, is the legislation under the Agriculture (Miscellaneous Provisions) Bill, which regulates the succession to tenancies on farms. At one point it appeared that almost anyone nominated by the tenant would be entitled to succeed to the tenancy on the tenant's death. In the final draft it now seems that the right will pass to members of the tenant's family, provided that the successor has some experience in farming and can show himself a fit person to carry on the tenancy.

Nevertheless, this weaker version still has vital implications for the investment market, as it ties a landlord to one particular tenant for at least two generations (it is not clear whether the rights to succeed can be handed down more than once). According to investors, this is creating a growing reluctance to invest in let land and is thereby widening the price gap between let and vacant land.

Farmers are also worried by rumours and counter-rumours of even greater penalties to come, though they have taken heart from the special provisions in the Finance Bill which restore their position under capital transfer tax to much the same level as prevailed under the old estate duty. The rumours include the notion from the Fabian Society to nationalise farmland—a notion which was ridiculed throughout the Labour Party without any prompting from the Opposition; and the acknowledgement in the Layfield Report that had farmland been paying rates during 1974-75 (farms are presently unrated) revenue would have benefited by some £120m.

The housing sector, of course, continues to come in for its fair share of legislation, but in at least one area the current ideas are intended to rectify some of the problems created by the 1974 Rent Act. It has now become apparent that the granting of almost total security of tenure to all tenants in whatever class of accommodation has driven the private landlord almost into extinction. Furthermore, it has also become obvious that the private landlord is still needed in to-day's society.

To entice landlords to come out of hiding Parliament is debating a private member's Bill, introduced in May by Sir B. Rhys Williams, which would recognise "shorthold" tenancies whereby landlords could let properties for specified periods of time with a guarantee of being able to regain possession at the end of the period.

The reverse of this picture, however, is to be found in the private Bill recommending that local authorities be given the powers to requisition properties which have been standing empty for six months or more. The motion for the second reading has been adjourned indefinitely, and it is clear that the Department of the Environment is not in favour of adding to the authorities' compulsory purchase powers. However, there is still strong pressure in favour of forcing the Bill through.

This nosegay of Bills and Acts does not comprise the total of legislation passed, passing and pending which will affect property. The threat of the Wealth Tax has not evaporated. There are major problems on the horizon in implementing the Sandilands Report on inflation accounting. But the biggest area of uncertainty shrouds the new provisions for Office Development Permits which are being drawn up at present.

The Minister's powers to impose ODPs completely expires on July 31 next year. After that date new powers will need to be granted, and there are some signs that they may be different from the current rules. In the recent Government-sponsored Office Location Review several alternatives to the present ODP system were discussed, the most favourable attention being given to the system employed in France.

Under the French system tenants obtain an Occupation Permit, which is a licence entitling them to occupy floor-space above a given size in the controlled area. As distinct from the ODP system it has the advantage of directly affecting the demand for accommodation rather than its supply. It does not, as ODPs do, hold up building unconscionably while a tenant is sought before building permission can be granted.

The Office Location Review attacked the ODP system for its ineffectiveness and cumbersomeness, but its views have fallen on stony ground. The Minister, John Silkin, denied that he would be pursuing the possible alternatives put forward. But the Town and Country Planning Act 1977, in which the new regulations will be enshrined, has still a long way to go before standing on the Statute Books. A change of attitude—even a change of Government—is possible before then. Property men are said to be girding their loins for this fight.

Christine Moir
Editor, Property and Investment Review

Community Land Act

A CASE of the sprat swallowing the mackerel: that is the story of the Community Land Act and the Development Land Tax Act. The latter is, after all, only meant to pave the way for the community's acquisition of development land. But all the noise has been over the supporting Act while the Community Land Act raises barely a mention these days.

As one property man said recently: "If you've got DLT who needs CLA?" There is obviously some truth in the statement.

The Community Land Act has been in force since April. According to the theory local authorities are already purchasing land under its regulations to the tune of £20m. in the year 1976-77.

The LAMS (Land Acquisition and Management Schemes) are all home, either voluntarily or shepherded in by the Minister. But that is as much as one can say for the first signs of the feverish activity which is supposed to lead by 1980 to a state where most of the country's housing land will be made available through the system.

The odds are working in quite the opposite direction. Research shows that local authorities are still bemused by their "duties" and "requirements to have regard to" buying land under the scheme. Few have any land earmarked for actual purchases. Those that do are not being ambitious. They are talking in terms of one, two or three sites urgently needed for comprehensive schemes, or 10 or 15 acres of housing land.

When one considers that at to-day's depressed housebuilding levels some 10,000 acres per year are utilised in new housing, the plans so far are a mere drop in the bucket.

The White Paper on Public Expenditure to 1980 lays down the expectations under the CLA acquisition schemes. In the best year, 1980, only some 5,500 acres are expected to pass through the local authorities. Over the entire period from now until 1980 the local authorities will have only 8,300 acres for resale and only 80 per cent. of those are earmarked for housing.

Landbanks

By the end of the decade, and possibly well before, housebuilding companies will have used up their own existing landbanks. It is doubtful whether they will replace them to anything like the same extent with land purchased under Development Land Tax. By 1980 they will be relying on the local authorities to supply the land on which they will simply build houses.

But the land will not have become available in anything like the quantity required.

The repercussions of a housing land shortage would echo far beyond the property sector, but there are other implications.

To implement their land acquisition schemes the local authorities are being obliged to borrow money on the open market, presumably at current rates. They are expressly prohibited from raising the funds through the rate revenue. And yet even the authors of the Act recognise that the system is unlikely to come into profit for several years.

The authorities will be funding projects which will not make a profit for an indefinite period but they may also be liable for maintenance costs on the land acquired, again for an indefinite period. They cannot, after all, force the housebuilders to buy the plots they themselves have previously bought, or to buy them at a price which will provide a profit to the local authority.

And the price will need to be high. Considering that the local authorities will be buying net of the 80 per cent. DLT, the White Paper's estimate of £313m. to purchase 25,400 acres by 1980 works out at a net £12,500 per acre. This does not compare favourably with last year's full market price for housing land in the best acres of £17,000 an acre.

In the earlier years the price per acre will be correspondingly higher. Either the local authority will want to recoup its higher charges immediately to avoid interest burdens or it will try to even out the resale price to entice builders. In the first case contractors are likely to baulk at the price. In the second the local authorities will have embarked on the rocky road down which so many property companies staggered before them.

C.M.

Disquiet over new tax

RTY MEN are judging ernment's realism these · the concessions that ron during the long which gave birth to the ment Land Tax (DLT) week.

re of £200m. per annum ı suggested as the likely from DLT and the ɑent obviously believes will bring in such . The last long debate Bill in late June con- ıypothetical cases where wner sells to a private who pays the DLT due Inland Revenue) thus ing the local authority ys as the third party. cases the Government es the *Inland Revenue* over to the local auth- e tax benefit it would ined had it been buyer two.

clause creating this vas slipped in at a late uggesting, according to property men, that the nent is still unaware of *dities of the situation.* aim there will be little for the Inland Revenue local authorities to gain venue from the tax because *there have* to elopments before any ment Land Tax is paid there are not going to developments, at least several years.

omic conditions have eed that, it is said, oment programmes have uspended, postponed or *abandoned because* the are just not there at , and look unlikely for rs ahead. Add on a tax per cent. on the value accrues to raw *land* as ealised for development u merely have the seal ctivity on site assembly ınd new development. In ase few property com- have the cash to buy nd at present and no ion is likely to fund such speculation.

equently, *there is* little n discussing the effects on balance-sheets of liability to Development Land Tax. The impact of the Act is upon lost development situations and on holdings of property without planning permission which must now be written down to nil value since nothing is likely to be built on the land and there is no one to sell it to except local authorities who are unlikely to pay the *market value, even if* they were interested in buying at all.

Concessions

There have been concessions, of course, and some property men will be able to profit from them. Refurbishments, where the original space is not increased by more than 10 per cent., are exempt. So are schemes under 15,000 sq. ft. The biggest concession has been made towards industrial companies (despite lucid pleas to incorporate retailers and hoteliers in the concession they have been ignored). Where an industrialist wants to expand on his own ground he will not be subject to DLT until such time as he ceases trading or sells the land outright for another purpose. He may even carry out a sale and *leaseback* on that property without triggering off the tax.

This amendment, which was introduced early in the debate, got a *last-minute* rewording during the report stages and it is possible that it now contains loopholes which would enable a developer to make a bargain with an *industrialist* and *carry* out a development part for owner-occupation and a part for sub-leasing.

The new clause states that *DLT* will not apply on "premises used or designed for use for providing services or facilities ancillary to the use of other premises" designated as indus*trial premises. Though the* debate made quite clear that the Government does not intend the industrial concession to be enlarged in any way to include *offices* or other commercial space, it will be left to individual court cases to prove the stringency of this wording. It is also important to note that this clause provides that if the industrialist chooses to sell off part of those premises he has created under the exemption rule he will be liable only for a strictly proportionate element of the tax. Unfortunately, industrialists are the only commercial sector who can claim deferral of the tax until some purely hypothetical time in the future when they might cease operation.

Every other group is caught in the web, including charities and pension funds. The former has an exemption on land owned before September 12, *1974* and on land developed solely for their own use.

Pension funds are not so fortunate. In fact the new Act creates an important precedent by treating pension funds as if they were commercial companies—for the first time. As a result pension funds and institutions are reluctant to adopt the mantle of property developer which the property companies have been forced (perhaps only temporarily) to drop.

There are signs that the institutions are prepared to take on developments but only where the planning permission has already been granted and *there is no liability to DLT.* Some small relief comes to companies able to take advantage of the breathing space which has been created between the *end of First Lettings Tac (May* 18) and the beginning of DLT (August 1). During that interval developments started will be liable for neither tax. It is only a small concession, but for several industrial developers who have been able either to move forward or to delay their starts to coincide with the resting space, quite significant.

There have been other concessions of far more importance. The vital point is the "special additions" now available under the Base A application of the tax. (It is difficult to envisage any landowner opting for any other base than A since this is far and away the most advantageous.)

Having *studied the original* formulae for arriving at liability to DLT, the new provisions allow the Paymaster General to assist considerably. In the final amendments he has recognised (under pressure from the British Property Federation) that land purchase prices are not restricted solely to the consideration paid to the vendor. And he has allowed for some of the extra costs.

Under Clause 6 the landowner can now add to his purchase price the costs of improvement such as the cost of applying for planning permissions. But, in addition, he can now add an amount not exceeding 60 per cent. of the original cost (or 40 per cent. if the land was bought after September 12, 1974) at the rate of 15 per cent. per year (or 10 per cent. for post 1974 purchases) to take into account the cost of financing over the interim period.

Exemption

The concession is a major one. Coupled with the new exemption from DLT of all developments with a liability value of less than £10,000 and *the special proviso that liability* of less than £150,000 per annum is taxed at only 66⅔ per cent. many landowners may now escape DLT altogether or many *find that their liability under* the tax is less than either their liability under Development Gains Tax or under Corporation Tax. The special addition of 60 per cent. or 40 per cent. is an interim measure only, applicable until 1977, but it is nonetheless important.

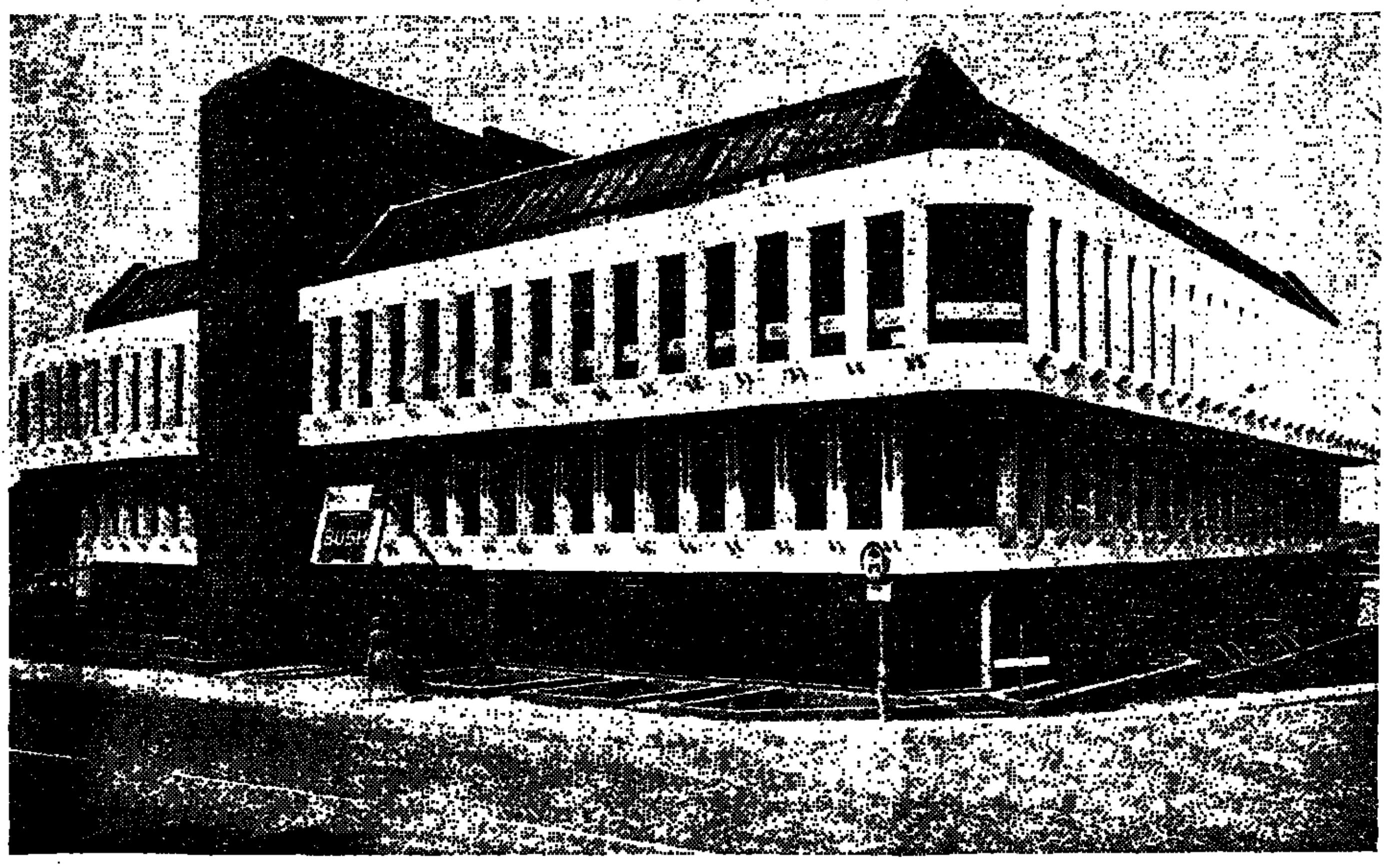
For those few developers who *cannot suspend their building* programmes there is one other concession that can be taken into account. The developer does not become liable to DLT until 12 months after development has started (to give him a chance to accrue the revenue out of which to pay the tax) and where the development is on land held prior to White Paper Day he may choose to pay the tax in 8 or 16 equal instalments spread over 8 years, interest free.

Developers who start building on land which they have bought at market value will also not be liable to the Tax if they start development within three years of the purchase.

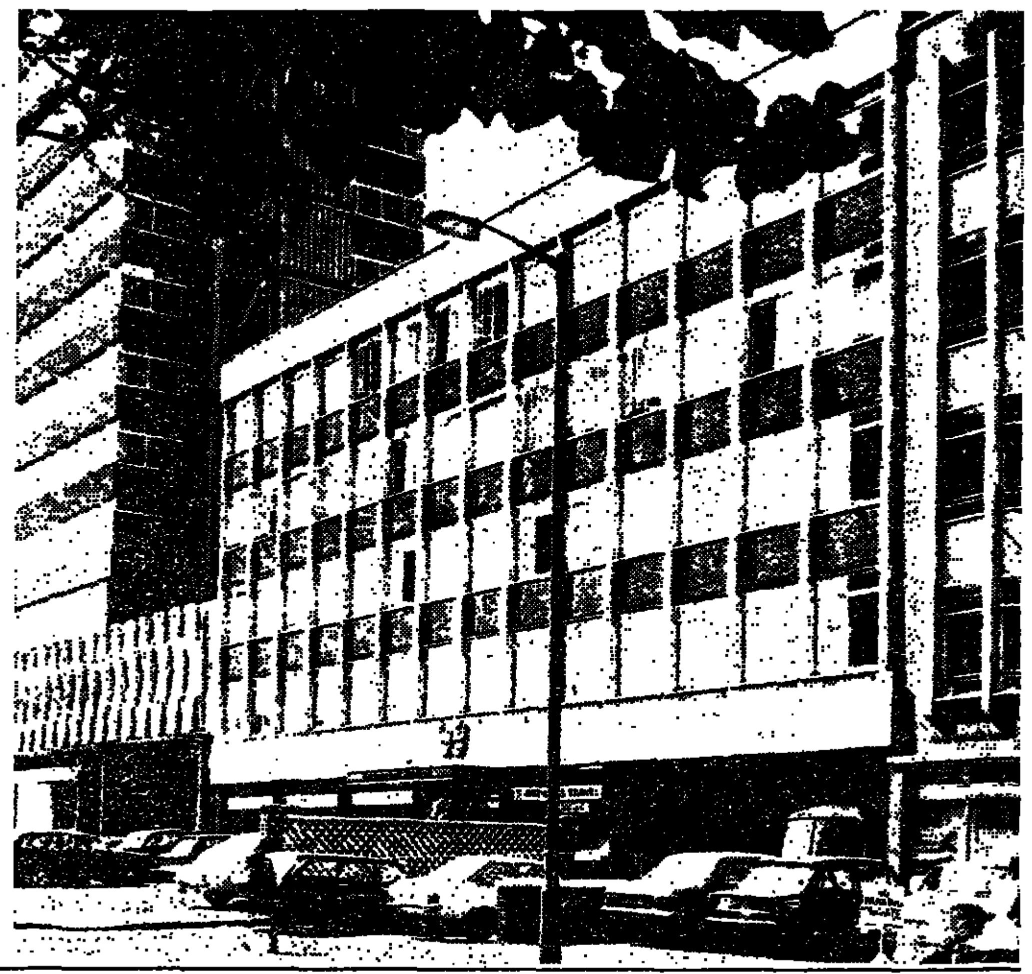
Most of the concessions, it is clear, are intended to mitigate the retrospective nature of the Act with the exception of the exemption for industrialist owner-occupiers but not for owner-occupiers undertaking any form of trade. The argument is apparently that Britain needs to promote factory development.

The property world is disillusioned by the unwillingness of this Government to accept their view that the country's future depends, not on an industrial base alone but on an amalgam of industry and commerce which are simply two halves of the same game. They are *also disillusioned* by their complete failure to argue the point that tax losses ought to be offsettable against any liability to Development Land Tax.

C.M.



A Vectra Estates office development in Norwich (above) is to be let by Jones, Lang, Wootton and Savills for £68,000 a year. Butterfly House in Croydon (below) was let by Strutt and Parker following the decision of Wiggins Teape to relocate in Basingstoke.



Question marks over the companies

THE LONG-TERM future of the quoted property company as a suitable means of investing in property has come under question in recent months — not admittedly for the first time—but with an apparent immediacy and relevance now as two institutions are bidding for companies and there are still many doubts about future prospects for development.

The death of the property company was first predicted in the mid-1960s on the introduction of corporation tax. While a few companies were voluntarily wound up then (and United Real, for example, considered such a move) the sector has certainly not withered away. Indeed, as Mr. Patrick Galvin of de Zoete and Bevan pointed out in a speech earlier this year, the number of companies quoted in London had only fallen from 159 to 107 between March, 1966, and this year. Many companies have grown very much larger while the disappearances are to a large extent explained by bids within the sector.

Disappeared

In the last decade only six companies have disappeared into institutions — Sterling Estates being taken over by the Royal Insurance; Holloway Sackville by Commercial Union; Western Ground Rents by the BP Pension Fund; a majority stake in Aquis by Guardian Royal Exchange; Cavendish Land by Legal and General; and Edger Investments by the Prudential. Two further names may be added to the list this year with the takeover of Artagen by Sun Life and Welfare's bid for Keith and Henderson. This is hardly an avalanche, though parts or—more improbably—the whole of some of the 10 property companies whose quotes are now suspended may go to institutions.

However, it is now argued by some that the whole position has changed and the latest forecaster of the property company's demise is Mr. Mark Weinberg, managing director of Hambro Life. He maintains that in the aftermath of the end of what he calls the "Golden Era" which finished in December, 1973, on the announcement of the development gains tax, "it is difficult to make out a case for the continued existence of major property companies as holders of investment property"—although they may well have a considerable future in some other role.

Mr. Weinberg argues that the phenomenal growth of quoted property companies between the passing of the Town and Country Planning Act of 1953 and the end of 1973 reflected a combination of the ability to secure the benefit of planning gain and to defer tax (in effect indefinitely), the scope for site assembly in a partly unsophisticated market, a continuing sharp rise in values and the continued willingness of institutions to provide long-term finance.

The tax structure introduced by the 1965 Finance Act, Mr. Weinberg added, struck what was in reality a lethal blow to the property company as a sensible way to hold property, but "the advantages of long-term funds borrowed at low rates of interest and the continuing profitability of developments masked this fact" despite the chipping away at the benefits by institutions and local authorities. Indeed, a number of new companies thrived in the conditions of the early 1970s with the rapid rise in values and the ability to roll-up interest during the course of development.

The changes introduced since 1973 by taxing planning gain have reinforced the inherent tax penalty, according to Mr. Weinberg. His view is that for the institutions, which are the main property company shareholders and providers of capital, holding shares is a very inefficient way to invest in property. Thus 52 per cent. of a property company's rental income has gone in tax before it reaches a pension fund shareholder as dividend, though the fund would pay no tax. Some 69 per cent. of the rent would have gone in tax before reaching the policyholders of a life company, normally paying tax at 37½ per cent. There are similar disadvantages on capital account.

Mr. Weinberg also maintains that property shares have the further disadvantage for institutions of volatility and that this point is becoming more important as valuation and solvency margin regulations are tightened. He also claims that a building can often be more liquid than a block of shares; gearing is irrelevant for an institution, and there are also a number of tax disadvantages for individuals compared with, for example, buying units in a property bond fund.

In contrast, Mr. Weinberg says that the range of property companies which might survive could include developers acting far more in the role of an ordinary industrial company, manufacturing and selling a product. Moreover, despite the Community Land Act and the probability of increased institutional expertise, there will still be entrepreneurs wanting to work on their own. But their companies are likely to be slimmer than previously with the aim of trading-on their completed developments rather than building up large investment portfolios because of the problems of deficit financing.

Survivors

The other group of possible survivors includes the combined construction and property company, as is common on the Continent. In addition, there are companies with secondary property and financing problems, which no institution would want to take over. But apart from these, the institutions are likely to have the major say, since they alone have the cash flow for large-scale developments, while acquiring existing companies is a convenient way to buy good quality property in a big lump.

Mr. Weinberg's thesis has been criticised on several grounds—in particular, it has been argued that the tax penalties are in practice offset by extensive reliefs.

For example, outgoings on developments are frequently charged against revenue for tax purposes and then recouped from reserves for dividends, minimising taxable income. While few development companies are paying much corporation tax they do suffer disadvantages on the Capital Gains Tax side. So overall, the tax argument is not clearcut and has anyway applied for the last decade.

The question, as Mr. Weinberg has pointed out, is rather more whether the tax arguments have since 1974 been reinforced by other constraints such as legislation and a changed financial environment. It is possible, however, to argue, as a recent review from Joseph Sebag does, that holding property shares and direct investment are complementary rather than mutually exclusive.

But there seems little doubt that the underlying framework has changed significantly since 1973 and that, on the one hand, large amounts of bank finance will not be available to finance the growth of companies on a deficit basis and that legislation has now severely limited the scope for making large capital profits from planning gain on new schemes.

So the number of new entrants may be severely limited, and those that appear are likely to take only a small part of the equity from an institution. Although the alleged management skills of developers have been partly discredited in the last couple of years, some institutions may prefer to use independent entrepreneurs as partners in smaller schemes, even if not in the larger projects which are more likely to be undertaken directly with local authorities (as long as current legislation lasts).

This still, of course, leaves the existing companies. Although the founders and main shareholders of the family controlled groups may now be

Lack-lustre market

THE PROPERTY sector has lagged well behind the stock market for almost the whole of the last 12 months—and its relative rating at the end of May was its worst since the beginning of the decade. The property share index is now over 50 per cent. below its all-time high reached in November 1973, while the All-Share index is about a third lower than its peak in May 1972.

This dismal showing follows a much stronger performance in the early stages of the bull market during the first few months of last year. However, the hopes raised then were soon dashed, and despite occasional rallies the property index has been one of the poorest performers of the bull market.

The explanation is essentially that the problems of property companies have proved more deep-seated and long-lasting than was apparent at the beginning of 1975, when there were optimistic hopes that the worst was over and that property values had levelled out.

However, there were repeated indications throughout 1975 that the liquidity problems of a number of leading companies were persisting for longer than had been envisaged. For instance, the poor figures reported by MEPC in June 1975 highlighted the problems of those companies with large development programmes and a consequently heavy cash flow drain.

Although previously some of the implications of active development had been "disguised" by the capitalisation of development interest, a number of companies, including MEPC, started to become rather more conservative about capitalisation, limiting it to projects actually under way. Thus the underlying cash flow position showed through rather more clearly to profit and loss account, which has also been affected by various write-offs—in MEPC's case, for example, on housebuilding schemes and on certain overseas projects.

Moreover, there were also several reminders of how long it would take for the more highly-geared groups to recover. On the one hand, continuing relatively high nominal interest rates and a sluggish letting market were limiting the progress on revenue account while, on the other, falling rental values and an uncertain investment market were casting doubt on asset values.

It also began to be realised that although a number of companies were actively trying to reduce their financial gearing by selling properties, the proceeds were often being immediately swallowed up by high continuing capital commitments on projects started before the end of the boom in 1973. The classic example here is Town and City where disposals of more than £80m. during 1974-75 was entirely absorbed by development spending, and this continued for most of 1975-76.

The same message of a very long haul before recovery was also apparent in the results of British Land. Thus a number of companies appeared to be merely running hard to stand still for much of 1975 since the impact of the end of the rent freeze and the reduction in interest rates, albeit to much higher levels than in 1973, and the eventual run-down of development programmes would not show through until later. There was also, of course, the more basic worry, produced by the evidence from a number of revaluations, of a sharp fall in office values in Central London caused by a fall in rents.

Collapse

Sentiment was further undermined by the collapse of certain smaller companies such as Charles Spreckley, which has had wider implications in view of its position within Mr. Jack Walker, and Mr. Ramon Greene's interests, and of Joviel Properties. Most important of all in denting any revival of confidence this spring was the collapse in March of Amalgamated Investment and Property.

Although AIP had been for some time regarded as one of the more risky highly-geared companies, the announcement that its liabilities exceeded its assets raised much wider doubts about the recovery. This has been less because of the impact on the property investment market as such—and the subsequent sale of Amalgamated House in the City to Willis Faber underlined the limited direct effect—but in illustrating yet again the continuing pressures on the groups with high short-term gearing. The sharp fall in sterling during the spring has also brought to the fore the additional problems of those companies with a large amount of foreign currency borrowing which are either mismatched or insufficiently covered by the appropriate assets.

Within the overall poor performance of the year to early June, there were sharp differences in the relative record. And in an attempt to facilitate comparisons between companies with similar characteristics brokers de Zoete and Bevan have suggested classification on the basis of the rate of dividend being paid and the ratio of net borrowings to estimated property assets.

The first category includes companies with borrowings less than 40 per cent. of property assets and dividends being increased by the maximum permitted and includes Artagen, Percy Bilton, Great Portland, Haslemere, Land Securities, Scottish Metropolitan, Stock Conversion and United Real. The companies in this category in late April accounted for 64 per cent. of the total property sector stock market capitalisation, 31 per cent. of gross assets and 47 per cent. of diluted equity assets. In general, these companies have performed reasonably well over the past couple of years, following patterns similar to leading industrial Blue Chips.

The second category in the de Zoete classification includes companies where borrowings are more than 40 per cent. property assets, with dividends at least being maintained and includes Beaumont, Berkley Hambro, Brixton Estate, Chesterfield, English Property, Hammerson, Law Land and Bernard Sunley. These companies accounted for 19 per cent. of the total market capitalisation in April and a

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Search for true values

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doing their job in hat they saw as s at the time. But ns the fundamental t while valuers re- they also make it Land Securities f 1973, the second wed a 27 per cent. even months). They market, but they art in making that take one example, onds where the liberations of a mmittee on the ue of a building t going to be sold ated into immediate ondholder). And, to the pre-crisis of the professionals that among their itioners were some ither borrower or e secondary scene, ied upon to state at was convenient. n the cliché that any investor, policyholder or member of an occupational pension scheme has a direct interest in seeing that valuation techniques aid an orderly property, the matter is clearly of importance to a cornerstone of the banking system and private sector.

"The property market has been restricted to such a degree that it is not possible to determine an open market value for investment properties. These are shown in the balance sheet at £209.3m. *based on 1973 valuations.*" That was what the last annual report of Amalgamated Investment and Property had to say before it was found that assets would not match borrowings of £110m.

Formula

Both the Incorporated Society of Valuers and Auctioneers and the Royal Institution of Chartered Surveyors have made continuing efforts to at least produce a common formula which members can make the basis of their work. The "open market" principle is now sure to predominate, with the option that if departing from it the valuer should define the meaning of his qualifying words. This has been incorporated in the new City Takeover Code, and practised in the Artagen bid. It has been accepted by the Sandilands Committee so will become part of standard accounting practise. It will be used in insurance company regulations. It is surely an improvement on the various other systems, notably the willing buyer/willing seller one which *would clearly tend to produce* higher values except in the headiest of markets.

The central difficulty lies in how to value when there is no market, open or otherwise. Recently there was a period of nine months when, apart from transactions between property companies trying to de-gear and associated institutions, which could provide no open market comparables, the level of activity was too thin in most sectors to provide any accurate guide. Without forecasting that a 1974-style collapse of the market will return, there could be other reasons why, for a period of some months the institutions stayed out of the property market.

Should one assume that the demand must return? Clearly that could dangerously perpetuate a false set of values. But there are equally difficulties if no assumption is made. To take a specific case, the P & O accounts in May told shareholders that five large City buildings — the P & O headquarters, Navigation House, Beaufort House, Commerce and Industry House and Three Quays, plus one off Trafalgar Square—were mainly carried in the balance sheet at valuations made by Jones Lang Wootton in 1972 and 1973.

Having taken the advice of the same agents (though without a full valuation exercise) P & O stated that values have *fallen* by 55 per cent. The explanation was that "while the market for well-let properties is improving, there is still no real market for units in excess of £10m., and the application of *current* rental values and yields would bring out a substantial reduction estimated at 55 per cent. on the figure of £108m. at which these properties are included in the balance sheet." But P & O took the view, supported by the valuers, that things would improve. It decided not to write down the values.

That is fine for a shipping company, with no immediate intention to sell the buildings and using much of the space itself. But it would not have done for a property group. Yet, even if there was not a real market for £10m.-plus properties then, there is now. And on two City deals revealed this month, City Gate House and the Hambros buildings, JLW acted.

How much of a difference would this make to their view of P & O's values to-day? It would surely run into many millions. And what happens if the market for £10m. City blocks hold up until the next accounting date but disappears for the one after that? Regular valuations at short intervals (too short, it could be argued, for an investment still regarded as essentially long-term) may encourage volatility.

The Sandilands Committee, in its natural and necessary quest for more precise information of a company's true worth at each audit date, opted for annual valuations for property companies. It stunned no one when the valuers said Sir Francis had it right. The general mood for greater disclosure, greater scrutiny, is running in favour of this idea. The British Property Federation accepted this, and the argument then ran on full independent valuations or, if desired, internal valuations "reviewed" by independents. After a stand for a review only every three years the BPF has now come down to defending the review system on an annual basis. It may be that the BPF was bound to give ground here since it was fighting the accountants for the profitable lives of many of its members on the depreciation and deferred tax issues.

The matter stands deadlocked, with the RICS Assets Valuation Standards Committee strongly rejecting the BPF's notion that agreement to the review formula had been informally reached.

Credibility

The BPF will put up a stout defence, but the big guns stand behind the "independent annual" school of thought. It could be argued that the property companies, if forced to accept, will gain from increased credibility, providing their portfolios can stand up after the past three years to real scrutiny.

But no major change such as this is without dangers. The men leading the valuers are the top people of their profession. If they get their way, are all firms going to behave to the highest standards, reckoning that there is no negotiated fee which buys their name on a certificated valuation? There could be financial pressure every bit as strong as that which a board could put on a surveyor staff member.

With the split in management and valuation functions already insisted on for property bonds, will there not follow a call for a similar total split in the valuation job and any other work for a company? Valuers to a major company would be a desirable role, but what if it meant giving up the chance of agency fees from that company?

And, in Stock Market *terms*, providing property companies are still rated mainly for their assets, is there not a danger that dealers, knowing that Valuer X has been bearish on one regional *office company already will* quickly bail out of any similar group with results soon and buy some other reporting company because Valuer Y is known to take a rosy view on industrials *this month*?

That would represent the logical absurdity to the anti-valuation school. "The value of an asset, as a property investment, is one which produces a continuing annual net profit; certainly not a theoretical valuation of a hypothetical market value in the near or distant future," thundered the Percy Bilton annual report last month.

It may be that those who concentrate more on rents passing and less on market feel, and those accused of failing "to *distinguish* between the science of valuing income and the art of pricing space" nevertheless had something sensible to stress to the valuers whose responsibilities are to be hugely increased. Greenwell and Co.'s report which put the DCF and compound interest arguments effectively enough to make a deep impression in some quarters did so, it said, because in the uncertain market at the time the report was issued, such techniques were particularly applicable. The methods used are known well enough for taking investment decisions; perhaps applied more generally to valuations they could take some of the potential volatility out of the annual valuation pattern.

Q.G.

Market

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quarter of its equity assets and also have sizeable short- and medium-term debt.

The third category covers companies paying no more than a nominal dividend and includes British Land, Capital and Counties, MEPC, Peachey, Regional, Samuel, Town and City and Town and Commercial. These companies accounted for 17 per cent. of the market capitalisation but 28 per cent. of the equity assets and 38 per cent. of gross assets—and are *also responsible for nearly two-*thirds of the short- and medium-term debt.

The differences between the various categories are also reflected in differing discounts to net worth — the weighted average discount for the first group in late April being 25 per cent., 57 per cent. for the second group and 66 per cent. for the third. These figures would vary not only with changes in share prices but also with movements *in underlying values having* a greater proportionate effect on the net worth of the more highly geared companies.

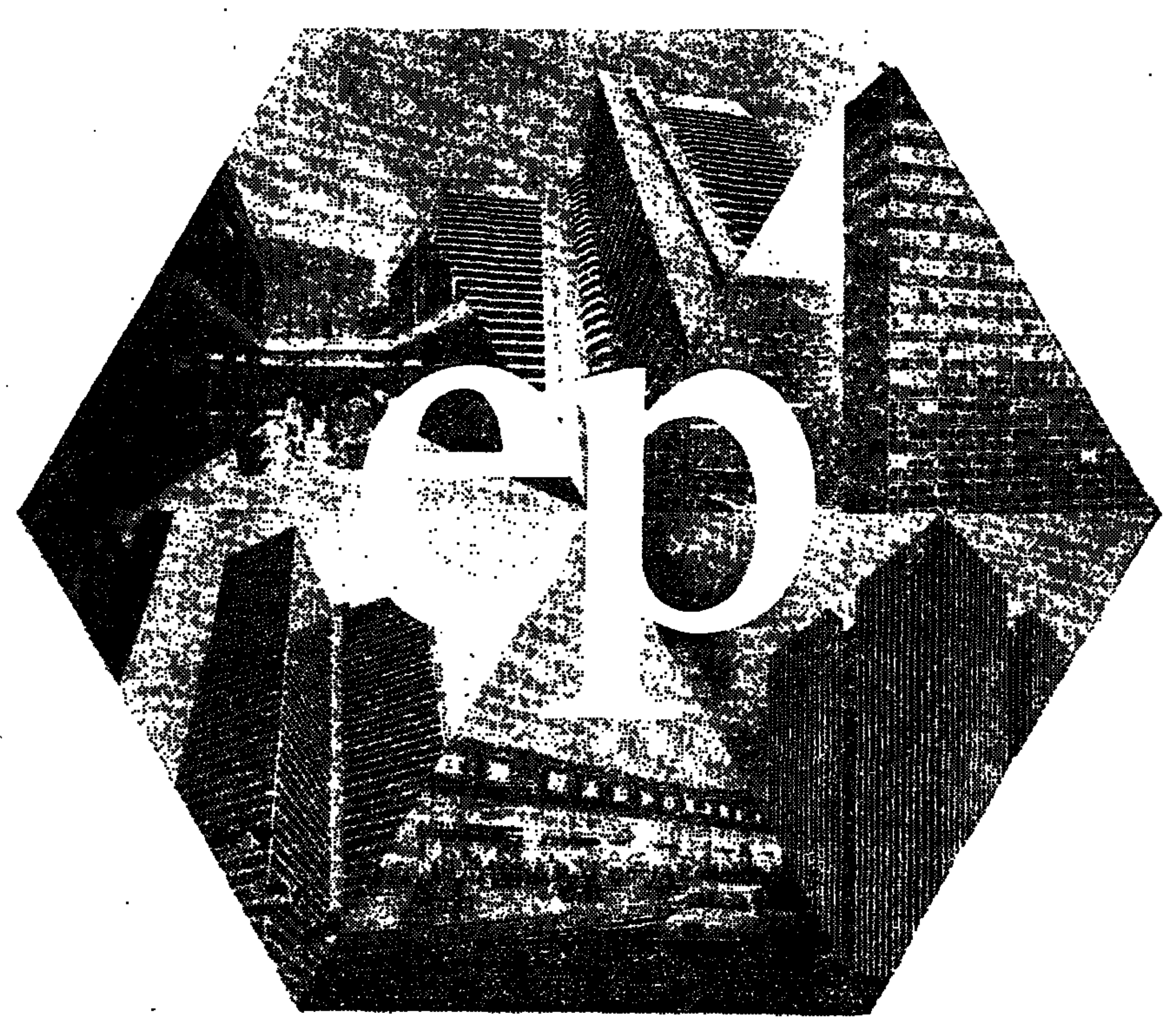
After the disappointing overall performance, sentiment seems to have improved in the past few weeks as the index is now roughly a fifth above its 1976 low. This change reflects the belief that the worst is now definitely over despite the continuing problems of, for example, Town and Commercial, and Town *and City's proposal* to alter its borrowing powers.

In a recent review brokers Rowe and Pitman, Hurst-Brown argued that as each month passes more companies are improving their borrowing positions and the full effects on revenue accounts of the ending of the rent freeze, property sales and lower interest rates are now being seen.

The brokers believe the improving revenue prospects and the recent rise in property values have still to be reflected in the share prices of the better quality companies, picking out Chesterfield, Land Securities, Property Holding and Investment, Property and Reversionary and Slough Estates.

A *similar* argument highlighting the improving underlying tone of values has also been made by Joseph Sebag and Co. and Quilter Hilton Goodison. The evidence of a fall in yields on good quality medium sized properties, stabilisation of rent and continuing large sales (notably, recently, by English Property, Berkeley Hambro and Chesterfield) is certainly building up, while more attention is focusing on the longer term impact of the cutback in development on rents. But while property shares have been strong performers in the later stages of previous bull markets, few analysts seem to expect a rapid rise in the immediate future.

P.R.



South East leads office mark

THE COMPETITION among investing institutions for well-let offices in the South-East and in some London suburbs has been a feature of the past year. The best City and West End properties have recently regained some favour as evidence of letting demand, particularly for large units, reminded the market that the capital is an international business centre in which international companies, particularly British and U.S. ones, wish to expand despite the vagaries of the British economy.

Outside the South-East, created office investments in favoured regional centres proved easier to sell as the year went on, and at lower investment yields, while Scotland has shown itself a special case, with rental and investment demand being very strong in Edinburgh, Aberdeen and, increasingly, in Glasgow.

But the South-East remains the office centre of Britain. Central London alone contains a quarter of the commercial office space in the whole of England and Wales. The rest of London and the South-East contain as much again (in fact a bit more, so that London and the South-East between them have, on Inland Revenue floorspace figures, comfortably over half the offices in England and Wales).

Since this is also, pro rata, much the most valuable floorspace in Britain, the keys to the future market in office property must lie here. The institutions, in renewing their search for office investments, first turned to the South-East because this dominant position will be maintained, even if the percentage of office occupations against other sorts of work may rise faster in other regions. Planning policies appear to almost guarantee that prime space in the South-East will remain in short supply.

OFFICE DEVELOPMENT PERMITS

	GREATER LONDON (000 square feet)			SOUTH EAST (000 square feet)		
	Number	Gross	Relinquished	Number	Gross	Relinquished
1973						
1st quarter	75	3,637	643	149	6,983	851
2nd quarter	77	4,216	134	131	6,509	206
3rd quarter	55	2,729	819	107	4,853	1,004
4th quarter	56	5,096	1,815	90	7,549	2,129
1974						
1st quarter	31	2,106	407	47	2,976	549
2nd quarter	16	585	100	21	1,225	116
3rd quarter	45	3,115	296	100	5,569	501
4th quarter	31	1,332	35	58	2,140	94
1975						
1st quarter	31	1,651	218	62	2,470	328
2nd quarter	46	3,520	239	75	4,430	263
3rd quarter	47	2,253	64	87	3,407	71
4th quarter	46	2,873	369	78	3,567	392
1976						
1st quarter	79	4,049	564	79	4,049	564

To talk of shortages at a time when there is enough surplus space on the market to produce, even in the South East, a continuing weakness in rental values in some areas, may seem contradictory. But much of what is empty is badly located or otherwise unsuitable, and it would have a marginal influence on the supply position should demand truly pick up along with the economy.

History has shown — most notably with the Brown Ban — that it does not take long for a restricted office development programme to be followed by a boom in office values, as tenants, to whom rent still represents a small proportion of turnover, scramble for what space is available and fear that it may get even more expensive if they delay a decision to lease.

In this recession, the position is complicated by the fact that the supply of new office developments in the South East is being held back not merely, or even mainly, by planning policies, but by building, land, tax and money costs which appear to *demand a rise in rental levels* by at least a quarter before development becomes an economic proposition again.

It is not really possible to foresee a continuing situation in which Britain admits that she cannot build office blocks economically, placing development in the same bracket as, say, shipbuilding. The demand for better quality, better located space, will eventually mean that employers will pay the price for what they hope will produce greater efficiency and the power to attract better staff.

So there would appear to be, with the one crucial proviso of economic recovery, the likelihood of sharp upward movement in office rents, maybe next year, maybe later. This is not to subscribe to the pure cost-push notion of rental levels—that since to produce an economic return on development rents must be £ — per square foot, therefore that is what they will be. It is only to take the established evidence that office accommodation is a market in which a small imbalance of supply and demand can have a disproportionate effect on the price of the product.

The 1970s have already seen what were, proportionally, among among the largest increases in rental values in the post-war period, and what were certainly the sharpest falls.

Cycle

Attempts to change this exaggerated boom and slump cycle, which can deter industry and commerce from making sensible forward plans about office needs, ought to start at the point of government planning. But there is little to suggest that, whatever they may achieve in supporting regional aims, present policies are framed to give this problem any priority.

"The overall effect of the control may be to maintain cyclical instability but at a higher average level of rent." This is a damning conclusion on the office development control policy pursued by Governments since 1964. It comes from a Whitehall steering committee, part of whose mandate was to suggest alternatives when the present development control powers expire next year.

It suggested alternatives. The one immediate result of its report was that these were rejected. ODPs rule, and will rule, said Mr. Silkin, though with minor modifications.

The change already known is the raising of the exemption limit from 10,000 square feet to 15,000, a piece of fine tuning which continues the upward trend of the exemption limit, but which may have limited impact due to the 10,000 square feet cut-off in the Development Land Tax.

This was not a change suggested by the steering committee, but the Department of the Environment is at present pursuing another modification. The committee made it clear that it considered this a second-best solution, the virtue of it lying in "importing to the ODP system some of the advantages of the occupational permit scheme," the committee's first choice. The modification proposed would allow a developer to find a tenant with an ODP later in the planning process.

Without relaxing ODP criteria, the new system may allow an office project to progress right up to the point where building could start before having an approved tenant. A change here might in part cut the stalemate of developers looking for tenants to support planning applications and potential tenants being unwilling to support ODPs just because they know that the ODP procedure, plus planning procedure, plus building time is going to take the occupation date beyond both their administrative forward *planning and the length of years* they are prepared to gamble with costs.

So it would be a welcome change, cutting the lead time needed for commerce and industry to rationalise or relocate its office needs. But in the present funding climate its impact on development would be slow. Besides, the details have not yet appeared, and it may take legislation to introduce the modified system.

Meanwhile, the disadvantages of the present system were presented, very clearly, by the steering committee responsible for *The Office Location Review*. Apart from distorting the market in the least healthy way, toward higher rents and greater cyclicity, it is doubtful whether the ODP system is effective in dispersing office employment from around the capital.

For instance, when the committee investigated 41 companies whose ODP applications were rejected, 24 subsequently obtained an ODP on the same site or in central London, 11 did not move, only six moved out of London and none out of the South East.

This year and next, the position may look a little more favourable. Last week's Location of Offices Bureau report showed a rise in companies moving beyond the 80 mile radius from London, and with the amounts of vacant space at low rents available in centres like Bristol, Birmingham and Bournemouth-Poole, it would be surprising if that trend did not continue in the immediate future.

But this does not mean that the ODP policy is suddenly proving effective. The steering committee thought that the momentum for moving out of London was likely to increase anyway, with factors like labour, transport and property costs running in favour of the regions.

Less rigorous planning control in the South East, which would, given the eventual revival of development, provide a greater supply of offices and hence more stable values, does not change these basic reasons for relocation.

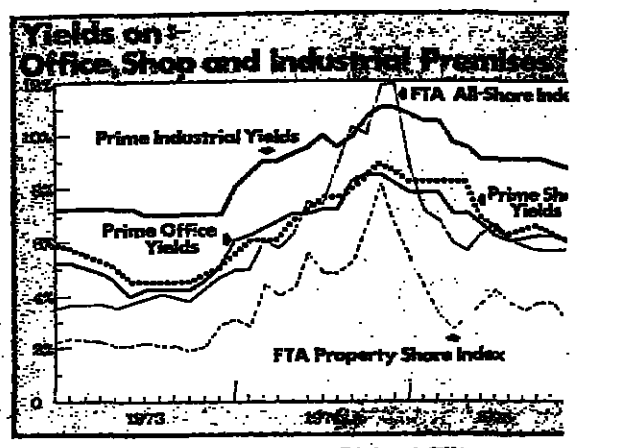
So, with further evidence such as the steering committee's forecast that the Assisted Areas would never pick up many jobs from the South East, whatever the incentives, and that those areas would anyway enjoy a substantial indigenous rise in office employment, with a system whic persuades very fev change their plans and at the same tim an artificially high

In addition, th Group pointed out t structure plan s provide what oug better instrument fo office distribution South East: and tha policy was formulat problem was too m whereas now it s jobs and populat away.

Procedure

Even if it is polit able to see more jo capital, present procedures do not who do not wish. what is already a supply of suitable space. Leaving funding delays, schedule for reloc central London to built block in the S likely to be around a year to get an C for the plannin another year for inquiry, and two building. It is m makes companies m chance of making the chance of savin

With these barr purpose-built reloca and with the decline development comp to pursue both funding, the pres appears to be sto unhealthy shortage perhaps two years'



Source: Richard Ellis

Rents ar slack

A YEAR ago landlords of vacant offices, or those with tenanted buildings approaching rent reviews, had little on their side but hope. Demand, with isolated exceptions like Edinburgh and Aberdeen, was so slow that with few exceptions this was the period, to accept a tenant at virtually any rental, to give away long rent free periods to get him, and to be extra polite to your backers and the Property Services Agency.

In the excitement of a reviving market, the fact that this position has not materially altered in many areas can be overlooked. But the steady climb in space available since 1974 has probably barely been halted even now. Leaving aside central London, the Location of Office Bureau figures, produced from space on its register, give an indication of the pattern: 14.2m. square feet in January 1974; 18.7m. square feet in 1975 and 20.6m. square feet this year.

Those include totals like 3.2m. square feet in the North West, 3.1m. square feet in the West Midlands, 2.3m. square feet in the South West and 2.3m. square feet in the Outer Metropolitan area. It would be surprising if those totals had diminished much by now. In Birmingham the blocks are still coming out of the ground.

Purchase

Through most of Britain, the boot is still very much on the user's foot, and the odd unexpected owner-occupier purchase has shown how well the moment can be seized for those with the necessary capital. Equally, it has illustrated how the funding of developers has been crucial in such a volatile market.

In one of the few areas where rental values have genuinely increased over the year, the City of London, the financial muscle or nerve of Trafalgar House and British Land has paid off handsomely in allowing the nadir of the market to pass before the lettings of Billiter Buildings and part of Plantation House.

But in most areas, while the rent free periods may be contracting or reverse premiums mentioned less, the bulk of office property on the market is still being offered at or below the rents of a year ago and certainly below the expectations of schemes started years back. Many starting to suffer potent disadvantag elephant stigma— simply been empty this not to put second thoughts i of potential takers

Much of this dep of resources will r nated by even a s crease in demand. be a time and a pr virtually any spac healthy economy in jobs take up an in portion of the labou the last boom saw located offices buil before. Over the n we may see an exag tier market, even space.

Good locations co sharp increases in from what are low compared with the the past four yea of the supply is so can expect little s such increases.

Broadgate Hous ham, formerly Rail typical warning. new building, it is favoured by develo high standard b 111,750 sq. ft. at are a reminder that block of one deca straight to the barga of the next. Some r may suffer the sam quickly.

Birmingham is, equally a reminder city which several past has appeared to an alarming de buoyant demand t available space q anticipated and so the next state of o

The halt in activity caused by p mic forces, and th cut-back of what s be coming forward i East due to region likely to produce a in prime office ren areas within as litt It is hard, for inst the weakness in r in a centre like C tinuing much longe many cities tenants in a favourable p several years.

Industrial rents move up

OF industrial pro- published recently epartment of the t showed that, ase figure of 100 factory rents had adily upward, with rise between 1972 to an equivalent 153 in 1975. The vere one of the ch showed no drop 974 and 1975 in trast, for instance, offices. The figures led on the basis of venue returns on ts of over 20,000

in rents, though icated the lowest increase of any ted by the Depart- res bar only the case of City of ces. It is a view ld certainly have rted a decade ago ted the traditional of investors for ffices, with factories uses a poor third. a national average units may still show properties in the th league for rents, for factories and in the more- eas are already tell- nt story.

...ists

ue increases already the public groups in industrial nd their forecasts of increases over the years, indicate that w base, the rental ll located industrial the South and South of the North East nd, and in other ere motorway access is climbing steeply. is the sector where recession shows very directly in was only in heavy reas like the Mid- there was much n rents before the ter of last year. In going late into the cycle, the real n rent levels has so little more than a if overall demand g before that.

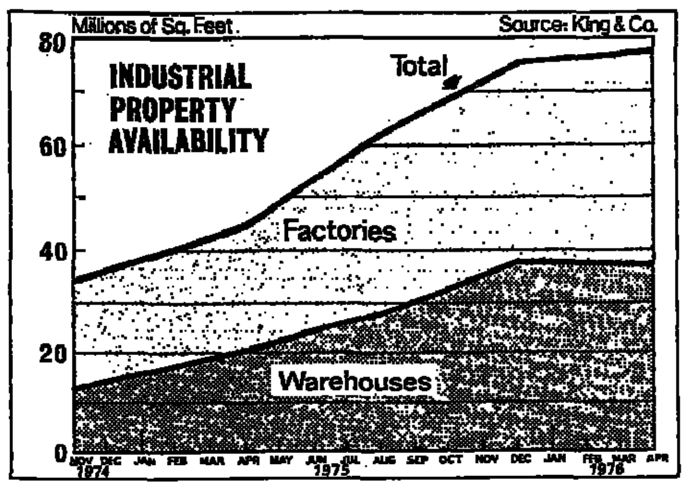
a strong upward recession, and now short period when es have been static the level of rents start on an upward soon. With its short periods, industrial s always likely to pply and demand y than the office and rs. It is therefore low more closely on uilding costs. The hich the supply tap ed on or off by the lopers is illustrated than 150,000 sq. ft. gh Estates expects in the U.K. this

roduced by another loper, Percy Bilton, nd *of factory rents* own lettings in the which conflict with nent's national aver- e sharpest rises, at ortsmouth. Ruislip down, the figures er cent. or more in- er the decade of The Bilton average v rents starting in the 30p to 60p a square foot bracket and currently in the 120p to 200p a square foot band for the Greater London area, and ranging from 120p to 170p elsewhere in the South East.

With a slightly falling average between last year and this, the Bilton figures indicate around 145 per cent. growth between 1970 and to-day, and a test on similar properties in the South East by industrial agents King and Company came out to within a few percentage points of the same conclusion.

The historic trend has been similar in several regional centres. The favoured estates in South Leeds are commanding a large premium over those in East Leeds, and rents are around £1.25 for units up to 20,000 square feet. Warehousing rents in Bristol, and to some extent down the M5 towards the West, have gone as high as £1.25 and £1.35 a square foot, while the Southampton area also seems to have bucked a national trend with considerable demand for smaller units pushing rents for 3,000 to 5,000 square feet units to £1.30p on some estates.

In these favoured areas, the position would now seem to be that, despite the rash of industrial development when non-specialist companies came briefly into the field during the last boom, the supply of the best modern space is again quite low. From the exceptionally weak demand of most of the last year, the increased inquiries for space over the most recent three months could, if translated into lettings, have a sharp impact on rent levels. That effect is likely to be seen much quicker in the case of industrial property than it is, granted a real increase in demand, in office rents.



Subjective

At this stage of the economic cycle, the evidence of increased demand is bound to be somewhat subjective. The unanimity with which agents have turned to forecasting shortages of space may underestimate the caution being displayed by industrial investors.

There is, however, evidence in the Department of Environment figures for new construction orders received by contractors to suggest that private sector industry's investment confidence is returning in the form of property decisions. The first quarter's figures show an improvement, even on a constant price basis (on current prices there were £162m. of orders placed in January-March by private industry, a jump from £119m. in the 1975 fourth quarter).

As well as indicating the changed industrial investment climate, some of these orders should be reflected in supplies of speculative space by the turn of the year. At the moment the figures from King and Co. for buildings under construction—for occupation within six months—show a very modest increase of less than 100,000 sq. ft. by mid-April compared to a survey last December. The April total was 4.2m. sq. ft. down not only from 20m. sq. ft. in 1973 but from 12.4m. sq. ft. as recently as April, 1975.

The same agent's figures for availability of space do not yet support the view that demand is quickening. All they indicated, by April, was that the rate at which space was becoming available had slackened. There was slight decrease in the amount of warehouse space on the market in England and Wales and a larger increase in factory space.

London and the Home Counties showed the strongest trend, with a reduction from 19.9m. sq. ft. to 18.3m. sq. ft. in warehouses (against the December figures) and from 21.3m. sq. ft. to 19.8m. sq. ft. in factories.

Previously, the availability figures had shown quite clearly that this was one recession which did not by-pass the South East. But a great deal of the vacated space related to older industrial premises within the Metropolitan region, influenced by the large number of closures of industrial companies. This region is a prime example of how availability in itself means little, a shortage of modern warehouses in the main distribution centres being uninfluenced by acres of empty old industrial space, even close by.

There remains some supply of modern space at around £1 a square foot in the South-East and certainly the £2 a square feet barrier, which was reportedly going to be comfortably exceeded in the best locations, has proved very much an exception. But it would be surprising if rental values here, and in select locations elsewhere, did not soon start on another upward trend. The history of industrial rents indicates that, with a better supply-demand balance producing far less fluctuations than in office rents, there is equally less resistance to a gradual rise, which still means little in terms of the tenant's total turnover. The lead is likely to come from the units of 10,000 square feet or less.

Q.G.

Cautious steps by developers

LAST year's confidence in the development of industrial property, which was shown by institutional investors, by banks and even by the Stock Market, has taken a long time to bear fruit in the form of expansion. The developers have, in the main, had a quiet period in which their expectations of a better letting market towards the middle of 1977 coincided nearly with their preference for starting building work after the appointed day for Development Land Tax next month.

They may well have judged the market right. Despite a growing number of inquiries for space since the start of the year, and this trend has intensified in the last three months, there was still plenty of space left over from the boom to satisfy the demands of the first stages of an industrial revival.

Besides, it is warehousing demand which has been the first to pick up, and there are a limited number of sites where the pattern of distribution should almost insure quick lettings.

But we are just now entering a period when there is sure to be an increase in the construction of speculative space: there appears to be the chance of rent increases to justify this; site values have been firming up quite quickly from a position where many had become negative; and the institutions have indicated their faith: prime yields on industrials have now gone at least as low as 8 per cent., having been 10-10½ per cent. at the bottom of the market and passed quickly through the 9 per cent. mark.

That might represent the start of a period when the traditional gap between yields on industrial as against office and shop investments starts to narrow. The reasons for this confidence can be split between the social (or political) and the purely financial.

The role of property in a regeneration of British industry has been accepted even by politicians who tend to frown on everyone in the property sector. At the end of 1974 the Government raised the Industrial Building Allowance from 40 to 50 per cent. to encourage development by owner-occupiers, meaning that half the cost of an approved project can be set off against Corporation Tax in the first year. The level of exemptions under the community land scheme are higher for industrial buildings and the recent relaxations of Industrial Development Certificate policy have again shown (even if many industrialists in the Midlands and South East still regard IDCs as a totally mistaken formula, particularly in a recession) that the Government has taken the point that the availability of better space could be a key to increased industrial investment.

Undesirable

The Government has also invested direct in new premises through an advance factory programme of roughly double normal proportions in the last year within the Assisted Areas. That is not going to encourage many developers to follow Mr. Ronald Lyon's lead to put factories in such areas (most investors also shy away, taking the view that re-letting in intrinsically undesirable areas will be hard and also that the government factories hold down rent levels). But the Government programme bears witness to the fact that "speculative" is not really a dirty word.

The increasing efforts by local authorities (sometimes buying sites from failed development companies) to develop their own industrial estates in a similar manner to development authorities, is another indication that even the worst location may just be able to increase local employment chances if it can show evidence of a skilled workforce—and an empty factory.

So, while the relative popularity of industrial developers might disappear when the jobs crisis is over, it is hard to see them being lumped together quite so indiscriminately with anyone making profits on office blocks. This could have consequences in three areas: a more sympathetic attitude to planning applications; the chances, over the years, of a continuing fiscal discrimination in favour of industrial developers and investors over land gains (perhaps they are *anyway more fortunately placed* with only a third of value tied up in the land rather than the buildings); and the political climate may also favour industrial property in the investment market if unionists actively pursue their proposed 50 per cent. representation among the trustees of pension funds. General support for investment in, and development of, industrial premises is a more likely result of this than any fears that unionists might then start suggesting artificial rent levels.

To come to the more strictly financial bonuses which industrial property at present enjoys, one must start with the higher investment yield. This is something which has a particular short-term interest for several insurance companies who, due to Department of Trade regulations, need extra income at the moment and can make good use of Industrial Building Allowances. The income point is also relevant due to the doubts being cast over the whole basis of property investment against Gilt Edge. At least the projected rental growth on warehouses and factories does not have to be of the same order as for a 5½ per cent. office. To give the office the required 9 per cent. compound growth means lifting from, say, the £10 per square foot mark into the £15 bracket. The 8 per cent. industrial can produce the same results on a 5 per cent. compound growth and the move from the £1 per square foot to around £1.25 sounds more likely.

But on the rental side, perhaps the chief attraction of industrials has proved the steadiness of their growth. Having held up surprisingly well through the recession, *investors who have suffered the* traumas of rent spirals and declines in City offices must look favourably on a sector which for the steadiness of its growth can only be rivalled by prime shops. The tortoise may win this race, as some of the reversions falling in with the major industrial developers will show.

Against this record, there are the extra management headaches which have contributed to the gap in yields. The difficulties with factories which have been quickly knocked about by heavy industrial processes are familiar; the difficulties with warehouses which have grown unsuitable for modern transport or storage methods, or have been antiquated in location terms by different retailing patterns or changes in the road network, will remain. But the dangers of major road changes have been postponed by perhaps a decade through expenditure cuts, and the formula for acceptable buildings is becoming clearer with, for instance, eaves heights, after much debate, settling down to around 16 ft. for factories and 21 ft. for warehouses.

Ambitious

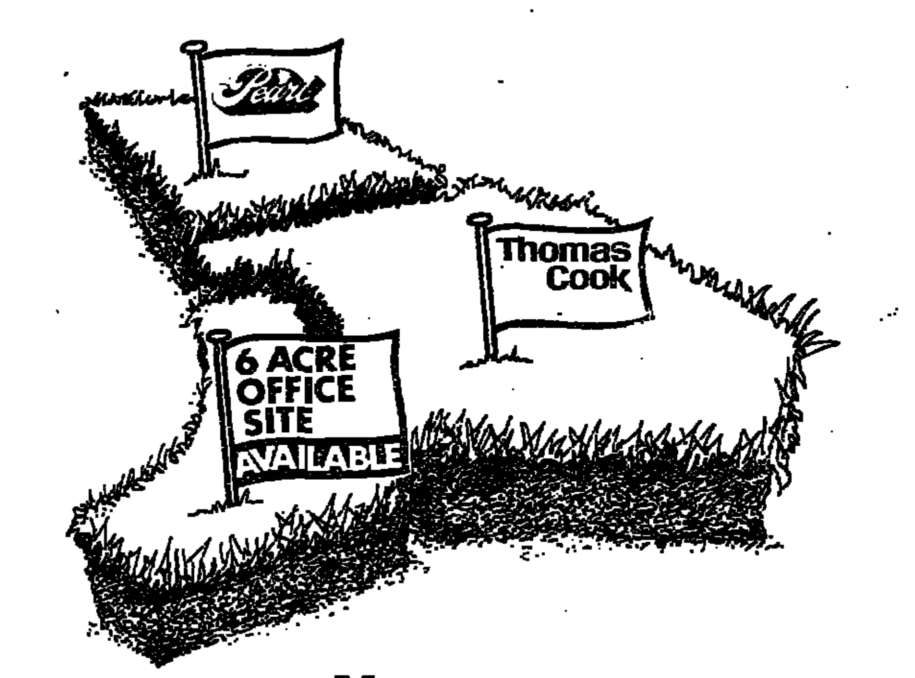
On the question of size there is no such unanimity among developers or investors. Some 200,000 sq. ft. lettings of modern space have vindicated their ambitious developers, but equally there are institutions which are prepared to specify a limit of 5,000 sq. ft. They will get slightly higher rents and the downside risk on voids is lower in this size bracket. Against that small covenants are slow payers, but at 5,000 sq. ft. (certainly at 8,000) *it is often* possible to fill more than half an estate with the small distribution depots of top covenants and take a reasonable chance on the remaining space.

With this investment background, the development now picking up in the industrial sector may be the start of a period of sustained growth, always allowing for a continued economic recovery. The escalation in building costs will however, still deter some. To the best standards about £7.50 to £8 per sq. ft. is now the range, the comfort being that where costs have been rising about 1½ per cent. a month for more than a year, they are projected now to increase at about 1 per cent.

The brake must stay on many smaller schemes, on around five acres, because the general development problem of interim finance still applies even to the small commitments necessary on industrial development. The main banks are not going to step back into a role which (apart from the fringe period) they had anyway abdicated to the institutions. It is only the odd fund or merchant bank which is prepared to offer speculative interim finance at this level.

But the specialist industrial developers, plus some of the contractor-developers like Laing and Trafalgar House who are showing renewed interest, will be tackling some major new *estates in the coming year. Last* week's news that a 195,000 square feet development scheme near Gatwick Airport—an area where rents are around £2 per square foot—had been entirely pre-sold to a pension fund for an investment value anticipated to be around £4m. will perhaps set the tone for the coming months.

Q.G.



Farmers cautious on tenanci

FEW PRIVATE landlords will wish to continue letting their farms to tenants, once the full implications of the fiscal disadvantages of recent Budgets have sunk in. Besides there is the probability that they will never get their tenants out for a couple of generations if the present Agriculture Miscellaneous Provisions Bill reaches the Statute Book.

The Bill includes a clause that sons, or other close relatives of a tenant farmer, will have the right to apply for the tenancy and be almost certain of getting it. The message is getting through and is illustrated by the difference in values of land between that sold with vacant possession and that sold already let. The latter often makes a half or a third of the vacant possession value.

This does give landlords who do not wish to sell farms which come into their possession a powerful incentive to farm themselves. This is reinforced by the present high prices of all farm products and the obvious prosperity of many farmers. There are few of the complaints of a year or so ago and there is no doubt that a great many farmers have never had it so good, in that they can pay their debts and keep their machinery up to date out of present profits.

But one should not be deluded by this apparent prosperity. *Most of the farmers in this happy situation are sitting on land of very low historic cost.* Their investment in livestock and machinery was also made in pre-inflation times. Since the late 1960s the cost of farming inputs, labour, machinery, fuel, fertilisers, feed and so on has risen three and four times while to date grain is up less than three, milk double and *beef just about three.*

The only reason farmers have not started complaining is that their accounting systems take no account of inflation and their costs are always from 12 months to several years in arrears.

Because British farming is now tied in with the EEC's Common Agricultural Policy the future course of prices is probably upwards. The rise could be between 20 and 25 per cent. at the end of the transitional period always provided that the currency differences which confound all rational assessment of trends are settled. But there are two qualifications. Any rise in the price of grain will automatically raise the price of animal feeds on which the British livestock industry is very dependent. There are also signs that the market for the EEC products which are directly guaranteed—milk, beef, wheat and sugar—has reached the limit of consumer demand at present prices.

Mountains

The milk and butter mountains are already notorious. What is not so well known is that beef is also in heavy oversupply. Something like 9 per cent. of the weekly kill is now being taken into intervention in Europe, and unless the drought is indefinitely prolonged there will be a sizeable sugar surplus.

The EEC Commission has already proposed that dairy farmers should help pay for the disposal of their own surpluses *and there is no doubt that once* this measure is accepted, as it seems it will be, the principle will spread to other products in surplus and will have the effect of limiting prices in real and in inflationary terms. British farmers will have to share in these measures although Britain is a net importer and so in theory has no surplus.

It is claimed that because British farms are in general larger than those in the rest of Europe, they are more efficient and could therefore survive better in a competitive situation such as would arise if the lower prices were allowed to bring economic pressure on the inefficient.

This proposition is a fallacy and a dangerous one. What determines competitive power in a farmer is the standard of living he is prepared to accept for his work. If the average Dutch dairy farmer for instance with 24 cows is prepared to compete with the average English farmer with 50 at the same price for milk there is nothing that will stop him.

In addition legislation in most of the European countries especially favours the smaller farmer and in some instances, notably in France, is actively hostile to the formation of what we should call large-scale units.

The higher grain prices will also present difficulties to British livestock farmers who have done very well building up intensive units of pigs, poultry and so on which until recently had been based on cheaper imported supplies of feed grain. Before the Common Agricultural Policy affected them the Dutch and the Danes enjoyed the same advantages. But now high grain prices, which in the EEC are probably too high in comparison to other products, has made it almost impossible for the continuance of such systems on a large scale employing labour on the British model. Most of this production has reverted to family enterprise where labour costs are often not counted. There is also the difficulty that pig and poultry products receive very little direct aid in the EEC.

These points illustrate a probable trend towards family enterprises in British farming. This is not to say that the landowner taking his farm in hand would not be able to compete *with his family farming neighbour* at common prices, but a great deal would depend on how well he controlled his overheads.

If he managed the farm himself, and particularly if it was an arable farm of viable size and the present grain prices continued, things would not be so difficult. But once he got into the livestock side he could *well be at a disadvantage* to the family farm either here or in Europe.

It is not generally realised how little management per se the average professional farmer actually does. He does not cost his time, office work is kept to the minimum necessary, say half a day a week. If he is good at the job, and most of them are, he knows what is going on and it al come naturally. It owner is not farm ment structure be self and the farming Such structures are lent but need a scale operation not too much of the pro

This is realised to an increase in of partnerships bet lords and professio which ensure the properly farmed ar farmer carries a fai of the risk. These were originally i avoid the liability o tenancies, but are made part of a policy. There is nothing new in sha which is what it re has had a bad na ploitation in some c is a very common f ancy in others w statutorily controlle

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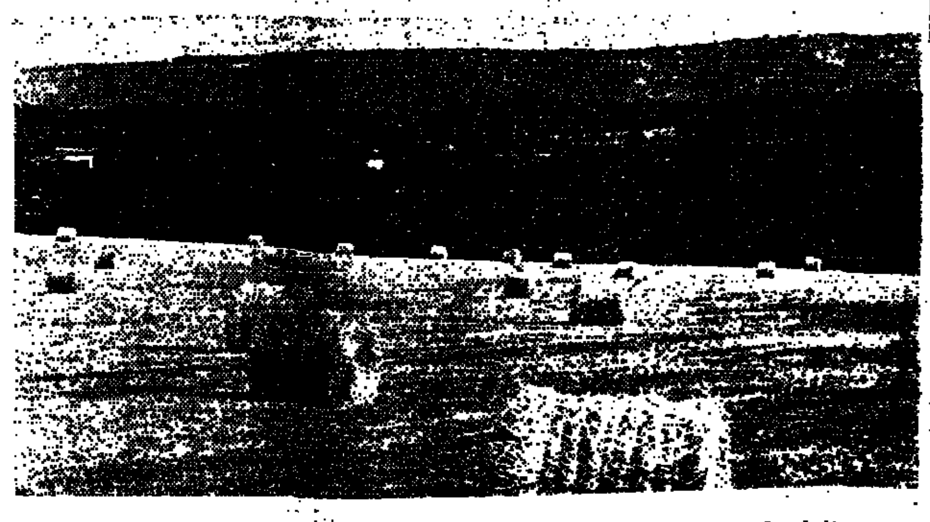
John Ch



Harvest on a farm in Sussex. Many farmers "have never had it so goo "they are sitting on land of very low historic cost."

Shop sites more vital than ever

THE RECESSION has had less effect on the turnover of retailers than many in the property industry expected. In *practice rental demand has held* up well, though landlords have been worried by the covenant of some of the newer breed of tenant.

Premiums may have been harder to attain when assigning leases on some prime frontages, and some high streets appear to have shrunk further, turning what were considered a few years back as almost top locations into *distinctly secondary* ones.

But the rental values of the best units have moved ahead of 1973-74 levels and despite a marked weakness in rents on many secondary retail properties, the general picture is of a steady rental demand curbed *only, in some locations,* by what are seen as excessive rates burdens.

In investment popularity, the retail sector, having probably seemed to merit slightly higher yields at the start of the falling pattern of the last 15 months, quickly moved down to join those on offices. In the move to yields below 6 per cent., and again down to below 5½ per cent. *in some cases, retail investments* seemed to lead the way.

This popularity, whether or not yields move lower, is likely to be maintained both through the long investment record of retail properties and because the definition of prime is a tight one and becoming, if anything, tighter. One hundred feet either side of Marks and Spencer is not the only definition, but there must be a growing *shortage of* frontages which satisfy all institutional requirements in their most common, 30 feet by 100 feet unit, choice of investment.

Nor is the range of tenants for such pitches liable to alter very much, restricted to the high margin, high rent payers such as fashion, footwear and jewellery, and they are unlikely to find new "magnet" stores to be beside.

The picture is of a restricted market in terms of location in both senses of the position within a street and also within less than 50 cities. There appears, despite a political climate where some form of Price Code may be here to stay, to be no especial reason why the best of these retail pitches should lose their appeal either to retailers or to investors.

It is interesting that Bond Street, a classic example of a street where it appeared that even its location could not prevent a grave weakness in property values during a period when its traditional tenants were being overtaken by the change of fashion from couture to jeans or simply the cut in luxury spending, has in fact revived quite comfortably, the tourist trade being among its saviours.

Portfolio

The value of this most traditional form of property investment has been illustrated this year in one of the few statistical studies of the retail sector. Done by David Kerr, of Healey and Baker, among its examples is a portfolio based on seven different units: one is in a town in the South East where the cancellation of a major development had caused some recent downturn in rental values; three are in the Home Counties in prime or near-prime positions; two more are in the North, where conversely new developments which have been achieved have diluted the monopoly value of the best trading pitches; and the seventh is a 100 per cent. trading position in an East Anglian town.

The proviso in calculating the investment performance since 1962 which Kerr allowed was to assume five-year rent reviews, uncommon at the beginning of the period.

Allowing for purchase costs, Kerr reckoned that the investor would have seen a net yield of 6 per cent. from 1962 to 1967, 9 per cent. for the next five years, and 17.2 per cent. since 1972. At the 1977 rent review, he forecast that the yield on the portfolio would rise to 25½ per cent. Using a DCF calculation, the average yield over the period comes out at *just under 12 per cent., where* the yield on Consols in 1961 and 1962 was 6¼ per cent.

But having shown the growth record of traditional retail investments, Kerr went on to study the less fashionable (though Debenhams managed a string of sale and leaseback deals during the year) investment sector of department stores. He concluded that the drawing together of the trading patterns of department and variety stores must be to the advantage of the former's rental value. He calculates anyway that the growth from department stores has been commensurate with that for shop units since 1962.

Follow

On food stores, Kerr deduced that the smaller units' rental values follow the retail price index, whereas with the larger, more modern stores, the initial rents follow the construction index. Clearly it is hard to draw any certain conclusions from any operation so new, but Kerr produced some evidence indicating an 85 per cent. growth in rental value since 1972 on the Caerphilly Carrefour hypermarket.

These examples from non-traditional areas of retail investment are some indication that perhaps the general view of the prime retail investment is too limited. Kerr offered the advice that he would mix into a shop portfolio department stores, food stores and, if the *fund was large enough, as many* of the best shopping centres as he could.

Some institutions have, of course, taken his advice, and sales from property companies of smaller shopping centres have continued in the last year, while funding for isolated large projects has also been agreed. But the demise of town centre schemes places institutions in a *difficult position.*

Brent Cross has proved, apart from its initial success, that such a project is too long and difficult to be started again in to-day's climate. The more likely development of retailing trends is toward a few very large units, most of them having few intrinsic attractions either in location or quality of building. They will be, in fact, any*thing but suitable under inves*tors' normal criteria, in much the same way as supermarkets had been rated at around double the yield of prime high street locations.

The retailers, on the whole, appear quite happy to develop the superstores themselves, and have gained an added incentive in the investment relief afforded in the new Price Code proposals. Having enjoyed such low rents because of their magnetism to city centre schemes, the major food-based retailers will do their own hypermarket developments, broaden the range of products they sell still further, and are likely, with the Department of the Environment's new blessing announced last week, to gain *more planning consents even in* the South.

This may not, in the foreseeable future, detract from the rental values of the prime high street sites. But it will certainly narrow still further the number of those investments.

Q.G.

Housing outlook is not encouraging

IS an area which ...icians have for the ...rt left quietly but ...on the sidelines over ...12 to 18 months. For ...ll the efforts of the ...nt of the Environment ...Ministers to stimulate ...output and return it ...acceptable levels, it is ...at the question of ...as been forcibly rele... a lower position in ...ent list of political ...

...ector's progress has ...dy, undramatic and ... disappointing. There ...reason to suspect, in ... some encouraging ...at the next year or ... be any different.

...h the estimates pre... organisations within ...ry vary substantially, ...nsus appears to be ...und 150,000-160,000 ...omes will enter the ...programme this year ...ist under 150,000 in ...urther small improve...xpected in the follow...nonths. Despite the ...f modest upturn, the ...ivity levels will still ...ng at around 30 per ...n on the last house... peak in 1972.

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...r council housing ...in area where recent ...s consistently beaten ...mance recorded in the ... sector, the outlook ...o be even less encour... ...ast year, a start was ...174,000 local authority ... figure which in 1976 ...d to drop back slightly ...). Larger reductions ...ht likely in the follow...ears.

... housing completions ... just over 162,000 in ...gure which should be ...this year and at least ...1978. Beyond that the ...ture role of the local ... sector remains in ...th the outcome of the ...finance review still ...

...ssage then is hardly ...bridled optimism and ... generalisations tend ...e notable successes of ...ders, much of the in...come future could ...fficult and uncertain. ...me, the builders are ...e price for the 1972 ... the private housing ...hen house prices were ... relation to incomes, ...ll hopelessly short of ... and the building ... had mortgage funds ... waiting. ...ilders cashed in on a set of market conditions the potency of which had never before been known or is likely to be seen again. Average house prices rose by anything up to 50 per cent. and the builders' profit margins did handsomely.

Where the industry went wrong was in miscalculating both the length of time which the boom could be expected to last and the type of property which would be in demand. The hectic market was, inevitably, short-lived and many builders found themselves in serious difficulties, with expensive land stocks, high borrowings and high-priced homes for which there were no customers.

It has taken since then for the market to sort itself out again, with the record stock of unsold homes slowly dwindling and finance being released for further development when the contractor has sufficient confidence to start work. In the meantime, prices have risen only very modestly, despite the massive increases in building society lending programmes. In real terms these programmes have fallen quite substantially.

There is little doubt that the current period of income restraint is affecting natural market forces. Without the current limitations, the housing market would be seeing a considerably higher rate of house price inflation than is now the case.

The builders at least would not be disappointed to see such a trend. The impossibility of their position, with costs rising rapidly since 1973 but house prices falling, is forcibly underlined by the current state of new house building activity. If the prospects for a reasonable margin look bad, builders will simply not build, as they have recently been demonstrating.

There is every indication that the demand for the homes they are building, and for second-hand homes, is as strong as ever, with transactions being recorded at very high levels. The cheaper end of the market is, predictably, attracting most attention.

However, that demand should not, for the time being at least, have any influence on prices. With incomes dampened down and future earnings expectations looking quite discouraging for most, the market is moving ahead in an entirely undramatic manner.

Some politicians have expressed satisfaction with the present state of affairs, suggesting that slow but steady progress may be a much better pattern to pursue than the erratic cycles of the past. But there is, in other spheres, some concern about what will happen if the present levels of output are allowed to continue for much longer.

Even after accepting the point that the actual need for new homes may soon be declining because of the increasing adequacy of the housing stock, some people believe that house builders must be encouraged to step up output if a short-term shortage of homes coming onto the market and a consequent further rapid escalation of house prices is to be avoided in the next few years.

While the building societies and the Government are committed to preventing any further explosions in house prices by tempering their lending to all the relevant market conditions, they also appreciate that without a reasonable increase in house prices, offering the builder the chance to recover costs and make some sort of profit, then housing output will continue to languish.

Societies

Already, the building societies are making some fairly ominous noises about their ability to go on lending as they have been over the last 18 months. While this year's lending programme — 20 per cent. up on 1975 — seems secure, next year could be a different proposition. Builders need little to shake their frail confidence and the prospect of another mortgage shortage next year and beyond is hardly likely to lead to an increase in activity.

As if the house builders did not have troubles enough on the horizon, they continue to show concern about the effects of Development Land Tax, which they claim will lead to serious land shortages — many believe a total land famine — over the next two years.

The tax will, they say, add considerably to their cash-flow problems. Productive skills and time will be wasted in the industry, they feel in trying to cope with the legislation and general confidence within the industry will again be damaged.

Throw in uncertainty about the repercussions of the Community Land Act and steadily lengthening delays in obtaining planning permission and the picture is complete.

The house builders, whose numbers reduce rapidly each time the industry hits a recession, were savagely mauled in the aftermath of the 1972 boom and are still smarting from the wounds, which some would claim were largely self-inflicted.

While their experiences remain fresh in their minds and their annual accounts, the builders are unlikely to embark on any new drive which could have a marked effect on the house building rate over the next two or three years at least.

The private housing sector will, for the time being, remain a buyers' market with a relatively good supply of old and new homes still for sale. Unless there is a further substantial increase in general interest rates, building societies remain confident that they can maintain a lending programme large enough to support an active market well into 1977.

Neither builder nor house seller is going to make any fortunes in the months ahead as the market eases its way uncertainly forward. A little stability in the midst of so much turmoil is perhaps a welcome thing.

Michael Cassell

Estate agents meet public criticism

PITY, IF you can, the poor estate agent. His reputation—compared with his lot in life—is not a happy one. He bears the brunt of a great deal of sometimes justified but more often misguided criticism from a large sector of the community. Even when there is no question of malpractice concerned in the activities of any single agent in particular or of all of them in general, there is a feeling that these people are simply sitting back and taking a large fee for comparatively little effort.

In many cases that is true. It is particularly true in a boom period, when almost any agent can sit back and watch the turnover mount up on the office till. Things are a little different in a period of recession. The property collapse of 1973-74 showed how easily the ranks of the agents are decimated in times of trouble. Only those who remained on the scene and were prepared to work very hard came out smiling.

Service

So there is a more fundamental point at issue. If the public thinks that an agent is not worth his money, why use one? That so many people do would suggest that it is much more convenient to put the business of selling or buying a house or commercial block into the hands of someone who can and will provide a genuine service. It is up to the public, therefore, to ask around the market to find out which are the more reliable agents. There are almost certainly more agents than the country needs, and the man in the street could do everyone a favour by simply killing off the lazy or negligent simply by not giving them any business.

But given that there is still no guarantee against malpractice even in the most respectable of businesses, and rather belatedly to protect the public, Parliament seems to be on the point of initiating some legislation after 70 years of abortive attempts. Recent scandals involving agents in the domestic and commercial fields have underlined the fact that some protection is necessary. (Incidentally one reason why such crookeries receive such great publicity is because of their relative infrequency: if one compares similar incidents in the legal and medical professions the agents come out as blue-eyed boys.)

Last November the Department of Prices and Consumer Protection published a consultative document "The Regulation of Estate Agency" to begin consultation with the various bodies concerned on this rather vexed subject. It is still being discussed, and there is as yet no inkling of a Bill to be backed by the Department. The main issues are bound to be the protection of deposits by buyers, the establishment of a compensation fund in the event of an agent doing a moonlight flit and the general "fitness" of any individual to act as an estate agent.

In the absence of a Government sponsored Bill, the MP for Ipswich, Mr. Ken Weech (who has also campaigned for greater freedom for the cut-price conveyancing firms) intends to introduce a private Bill which he hopes will be debated after the recess. The basic thinking and the main provision—the licensing of all agents—would seem to be the same as the Department's thinking.

But there are inherent weaknesses in the proposals from both sides. The basic one is the question of a licence: will this simply mean a licence to print money? There is nothing to prevent anyone from setting up business as an estate agent. So presumably if he keeps his nose clean and has no criminal record he will receive a licence. The public could well be fooled into thinking that this was some official seal of respectability.

This suggestion is doubly dangerous since the Department said in the Consultative Document that "it is not intended that any assessment should be made of professional competence." It is rather like giving a doctor licence to operate without looking at professional qualifications or experience. The professional bodies in the business, the Royal Institution of Chartered Surveyors and the Incorporated Society of Valuers, are not happy on this point. They are proud of the training they give their members and on top of that they have their own code of conduct—even though they have no legal backing for its application.

This situation is closely linked with the question of who should police the licensing arrangement if it comes into force. The professional bodies see this as their area of influence. It is argued that the RICS, the ISVA and the National Association of Estate Agents could together form some kind of body capable of controlling the activities of all the country's estimated 25,000 agents.

The Department's attitude on this issue has yet to be clarified, but when Alan Williams, then Minister of State for Prices and Consumer Protection introduced the Consultative Document last November he made it clear that he was against the professional bodies policing their own members in the same fashion as the doctors and lawyers do. He argued for the setting up of a directorate within the Department to do the job: the professionals reckon that this is wasteful and superfluous. Perhaps there is some area in between where a compromise can be reached. While there is no certainty of being more fairly dealt with by a member of one of the recognised societies, it would be a pity if the lines are blurred between those who have worked hard for their professional qualifications and those who have not.

Commercial

While most of the emphasis in the debate is given to the activities of agents buying and selling houses—because this is where it affects most people directly—there is equal if not more concern about what is going on in the commercial field. The sums of money that change hands in this sector are considerably greater and there is greater scope for the unscrupulous to make a killing.

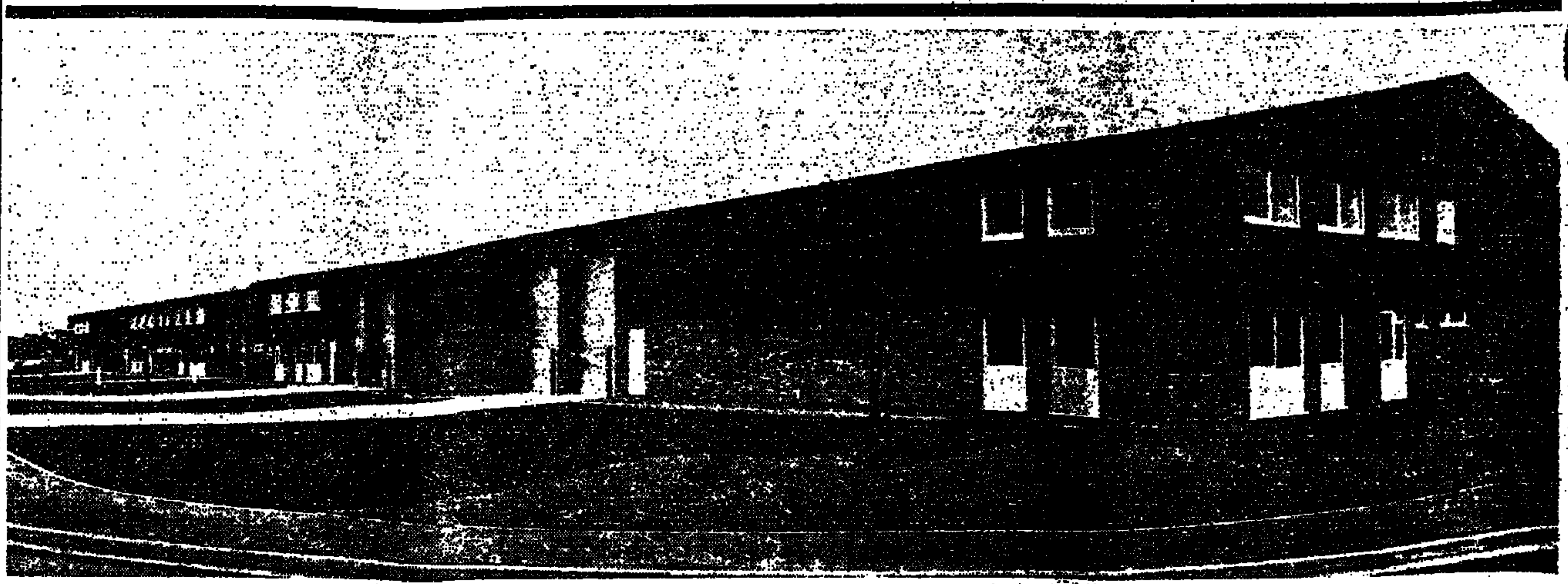
The basic question is that clients must be assured that they are receiving impartial advice. Under the present rules this does not always apply. Whereas in the great property boom days there was always the danger that the agent was also a developer and could be directing investment funds indirectly into his own pocket, the same situation applies today where the agent and property advisor are one and the same creature.

Here again the professional bodies have a code of conduct which says that the agent's interests must not conflict. But it is difficult to apply rigorously. There is growing pressure for agents to supply a list of their outside interests so that a client can check that he is not being sold short. Something along these lines could, presumably, be incorporated into a Parliamentary Bill.

Perhaps the greatest area of contention in the commercial sector is valuations. It has been suggested that there should be an annual valuation of properties held by companies. This, the opposition argues, would be extremely expensive—even forgetting the cases where it may reveal something nasty.

Valuations are difficult enough to arrive at these days. With inflation going one way and the value of commercial property going in the other the property companies are not sure where they stand. And the same applies to valuers. There is no longer any feel for the market. The increasing incidence of commercial landlords and tenants having to go to arbitration demonstrates the growing confusion in this field.

Joe Rennison



The Ashville Group has a 21-acre trading development at Abingdon. Future occupants include Hinde Hydraulics and Bass Charrington. The fi phase of the development has been completed and half of the accommodation has been leased to a Blackwood Hodge and Oxford Electronics su sidiary. Rentals are in the region of £1.40 per square foot.

Loans from banks still high

BANK LENDING to the property sector may have come off the top, after nudging £3bn. in the first quarter of 1975, but it is taking a very long time to show any significant drop. The last quarterly figures from the Bank of England showed the total to be just £19m. lower in May than in February, the present score being £2.88bn. The clearing banks fall in advances had compensated for a rise from the "other banks" section of the chart.

The total compares with £2.97bn. a year ago, so a drop of 3 per cent. in the last quarter (there had been a rise the one before) is no indication that the banks are getting out of their problems. It was not until the last quarter of 1973 that the level went through £2bn. and the last quarter of 1972 that the £1bn. mark was passed.

The last small drop did, however, indicate that lending totals were on a plateau, with roughly the same level seen for that last two years. The explanation of the high level is mainly that disposals have been matched by the continuing cost of development programmes or rolled-up interest. The ending of the development programmes for the major groups should indicate a more definite fall in lending totals by the end of this year, despite the rise in interest rates.

That the level has remained as high, despite massive disposals by the large public companies and by some of the receivers and liquidators, is a measure of the commitment of bankers to the spirit of 1972-73. The quoted companies alone have sold around £850m. worth of properties in the last two years and while much of this was institutionally funded, all the sounder groups have been paying off their short-term bank debt as fast as they can.

Comfort

Add to the disposals figure the admittedly low call the property sector could make on the stock market (approaching £100m. in rights issues of equity and convertible stock) and the last year can be seen as one in which there was little immediate comfort for the banks, despite the better investment exercising the patience of lifeboat captains and in part they were simply unable to recover their loans.

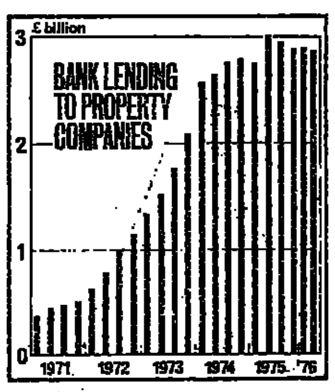
The pressure from them to reduce their lending to the sector will continue until property values are much further restored and until they can see the erosion of equity bases among their borrowers restored. Next time developers start looking hopefully for bank finance there will be many fewer doors to knock on.

It is not simply the absence of many of the fringe lenders, and much restricted use of deposits by the others, which will change matters. The clearers, too, have had a stern lesson, even if their stated level of provisions does not seem to indicate its full size.

There are already definable changes in technique, as well as in general attitudes to property lending, which have resulted from the recent debacle.

One of the clearest lessons has concerned consolidation of security. This has applied upwards from the housebuilder with more than one site to the largest groups. The ability to carry a surplus from one site to a deficit on another will be insisted on.

Powers of receivership will also be re-examined. These, under most mortgages, have simply followed the Law of



Property Act 1929's provisions enabling rents to be collected, the property to be sold, and sufficient money advanced to complete buildings or developments which have already been started. Such limited powers have been a severe hindrance when it is only the first phase of a development which has been started and where the bank, particularly in the case of housing estates, makes the commercial judgement that its best chances of recovery lies in building out the whole site. Some mortgages have in the past included in the powers of receivership the right to borrow money and to complete the whole scheme whether it has been started or not. In the appropriate cases they will certainly do so in future.

As well as providing more aids such as these in the event of failure, banks at present are taking a much closer look at their solvent customers. The practice of continuous security reviews, carried out by the bank's own surveyors, is now common to all the major lenders.

More call on their own professional staff, in addition to outside advisers, is an improvement which many banks needed. But it has also left these professionals, in the circumstances of the past two years, with an acutely difficult task in defining whether or not a bank's security is still covered. While the immediate collapse in values was taking place, it was clearly hard for banks to demand valuations on any sort of normal mortgage or forced sale basis. In any but extreme cases they were allowing what amounted to a willing buyer basis.

Reviews

But as patience has worn thin, some banks have become notably more demanding in their security reviews. Some U.S. banks fall into this category, particularly when the personnel at present based in Britain are not those who did the lending and they have arrived fresh from the U.S.'s property problems with a much tougher attitude than is common in Britain. Where loan agreements provide for regular valuations at the borrower's expense, the approach of some banks has considerably angered property groups.

One such case involved one of the largest companies being faced with a valuation which the bank insisted should ignore marriage value and be based on a sale in less than three months. The independent valuer concluded that a previous valuation of £1.1m. should be reduced to £850,000. The bank's letter demanding further security coincided, within days, of the marriage value being realised and the obvious institutional purchaser settling for £2m.

That is one side of the argument. But faced with wildly fluctuating estimates of property values, banks have been left in an unenviable position. At a time when professional surveyors can reduce their estimates of value of completed and let City of London properties by as much as 60 per cent., what view can a banker take about virgin sites? This is a main problem of the secondary lenders, notably First National Finance.

Decisions

As well as their overseeing role with some of the fringe banks, the clearers are, in their own right, facing some of the hardest decisions. There are many companies to whom the fringe banks lent the site acquisition funds and hence have the prior charges over clearers providing building finance (and anyway, if it comes to a decision on receivership, the clearers are likely to form the better judgment through their knowledge of the client's current account). In such situations, the priority of charges works against the clearer who takes the decision to build-out an unfinished development.

Whether or not, when the present peak of property lending has declined, the major banks decide to press for changes in the law relating to company failure, they will have established a new set of ground rules. On the whole, the banking system has managed to maintain order in a difficult time. There have certainly been controversial decisions to place companies in receivership, and there have been some controversially swift sales by receivers with first charges (though the polite convention of getting at least two independent valuers to back a sale price has been adhered to in the interests of those lenders coming behind the queue). There have also been cases where banks have lost patience with a committee of creditors system and have gone ahead to recover their money to the knowing detriment of other creditors.

But the degree to which banks have stood behind the major property groups and hence played a role at least as important as the institutions' purchases in restoring stability, is best evidenced by the fact that Amalgamated Investment and Property was the first, and so far the only one of the larger quoted companies to fail. Even there, despite the sharper than anticipated fall in values, it was the directors who decided to liquidate.

Town and City Properties has just shown, by having to ask for an increase in borrowing powers, how long it takes for a group with a large development programme to reduce borrowings despite heavy sales. Town and Commercial's attempt to agree a moratorium, and the eroded asset base of Capital and Counties, are other reminders of the continuing problems even among groups with good portfolios. The banking system, despite the expectation that the total lending level should soon decline (particularly from the London clearing banks' present level of £913m.) still has a major supporting role to play.

The Bank of England's instructions remain not to lend further funds to the commercial property sector unless it is to help out companies in trouble. Few banks are tempted to disobey.

Q.G.

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nagement of State schools is criticised in the Auld Report on the William Tyndale school. **Michael Dixon** studies its implications.

Political lessons of the Tyndale affair

s of the condem- on the running William Tyndale ached the public I was in the ing to a story. It hool there which disrupted by a -dozen dissident

h authorities dered the closure chool. Thinking e, the teachers er and continued The authorities the head-teacher rison. The rest k the hint, and closed for a few ant that when it and the head pupils were egister. But the were not allowed tead, they were ately to other cinity. Had the 1, not pupils, but would no doubt with at least as ly.

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as now reached re the ILEA is n officially con- ependent report uld Q.C. But the oute is traced by tumn 1973 when ns in the ILEA hool without an

The acting head was Mrs. Irene Chowles, an experienced teacher in primary education with a fairly conventional approach to her work. She came face to face with Mr. Brian Haddow, then aged 28, whose belief in allowing children a "very wide choice as to how they would spend their day," was matched by a "keen concern about what he regards as the evils of present day society," and evidently also by a powerfully persuasive personality. Certainly he seems to have gained thereafter a dominant influence over the bulk of the junior school's teaching staff including Mr. Terry Ellis, the new headmaster, who was appointed in January 1974 at the age of 35.

Remedy

The running of the school became more and more warmly political—in both the internal and theoretical senses of the term. Mr. Haddow's influence was most sharply opposed by Mrs. "Dolly" Walker, who had been appointed part-time to remedy reading problems affecting about one in every three of the junior school's seven to 11-year-old pupils. Mrs. Walker's professional approach and personality conflicted with those of Mr. Haddow, and she began ferociously canvassing support for her views among managers, parents and other people in the Islington area.

As a result the dispute erupted into public view at an acrimonious meeting of the teachers, and several of the parents and managers, in the presence of the Inner London Education Authority's schools inspector for the district. That meeting, from which Mr. Haddow and his supporters walked out in protest against interference with their professional concerns, took place more than two years ago.

Headmaster Terry Ellis, pictured at his Finsbury Park home.

Throughout the period there was increasing complaint that pupils were tending to become unmanageably disobedient in their homes, and that even 10 and 11-year-olds were failing to acquire basic literacy and numeracy. From 230 pupils in the autumn of 1973, the junior school's roll fell to only 114 in September 1975, when the ILEA finally conducted a full inspection.

This was resisted by the staff. Mrs. Walker had left the school, and Mrs. Chowles stayed at her post. But the other seven full-timers, claiming themselves victims of a politically inspired conspiracy led by Rightish-Labour Islington councillors, went on unofficial strike, defying return-to-work instructions from both the ILEA and the National Union of Teachers.

When the authority went on with its plans for the inspection and an independent public inquiry into the affair, the seven strikers abandoned the "alternative" schools they had set up in the meantime, and returned to William Tyndale junior. The public inquiry started in October, and the whole staff was suspended on full pay, and replaced by temporary teachers, pending the outcome. What this will be remains officially undecided even now—nearly three years after the start of the trouble — and whatever the ILEA decides to do to the school cannot be put into practice until September at the earliest. But since Mr. Auld's 250,000-word report on the evidence of the £55,000 inquiry blames everyone who could be seen as contributing to the dispute, the outcome could well include the resignation of Mr. Harvey Hinds as chairman of the ILEA schools subcommittee, rebukes to authority officials, the formal dismissal of managers and the seven teachers who went on strike, and the amalgamation of the junior school with the infant school on the same site.

After some spectacular flurry of retribution of this type, the educational interests groups probably intend that the William Tyndale junior affair shall be left to a quiet death. The most plain sign of this intention to date was contained in the comment of Mr. Fred Jarvis, general secretary of the National Union of Teachers whose return-to-work order was disobeyed by the seven staff, when Mr. Auld's report was made public.

"The one general point I would make," declared Mr. Jarvis, "would be to deplore any attempts to use the findings of the inquiry to make general comments or judgments on the state of primary education in the country as a whole. That would be truly irresponsible and a gross dis-service to the schools. The report of the inquiry deals with events at one school."

But nevertheless, in the public interest the William Tyndale trouble must not be allowed to die quietly once the individuals involved in the case have been seen to be punished. It is certainly true, as Mr. Jarvis implied, that we have no evidence that similar takeovers by young teachers with extreme pedagogical and political views are occurring in any other State school in the country. But the main issue to emerge from Mr. Auld's report is that they could do so.

The real point of public concern in Mr. Auld's findings is not his blaming of the actions of the various people embroiled in the Tyndale affair, but his criticism of the "management system" which respectively allowed or obliged them to take those actions in the first place.

This criticism, inevitably severely condensed, seems to be as follows:

The Secretary of State for Education and Science has legal power to intervene in such disputes, but chose not to exercise it. The local education authority apparently had what could be interpreted as a legal duty to exercise control over the type of teaching provided in the school, but had decided to delegate this to the head-teacher and staff in conjunction with the managers. In these circumstances, Mr. Auld says, "quality control" largely devolves on the teachers themselves, with the next higher rank of the educational workforce—the district inspectors — having not the power to act as managers, so much as the privilege of serving as advisers.

Protracted

But, Mr. Auld suggests, if an authority school such as Tyndale junior "is not providing 'efficient education' or education 'suitable to the requirements of' its pupils, or is failing to have appropriate regard for the wishes of its pupils' parents, then, regardless of the person or persons in whom the exercise of the control of the conduct and curriculum of the school is vested for the time being, the authority must intervene to ensure that it fulfils its fundamental obligations. If advice and persuasion by the authority's inspectorate fail to produce the desired effect, the authority must take some effective action in relation to the school to remedy the situation."

In the QC's judgment, therefore, central Government and local education authorities legally have both power and duty to control what is taught by schools and how they teach it. The reality, however, is that in the case of William Tyndale junior the legally responsible authorities did not do so effectively until two full years after the start of the trouble, and then only in a very protracted manner which has cost the public £50,000 in lawyers' fees alone.

The main reason for this is that recently—and especially since the teachers' pay strikes of 1970 when Mr. Edward Short, as Education Secretary, overruled the managerial authority of local Government—the power to decide what shall and shall not happen in schools has been conceded increasingly to the teachers' unions. Among these, effectively absolute power is held by the National Union of Teachers which is having continually to fight off the assaults of Left-wing factions among its members, whose devotion to political activity gains them a more than representative voice in the union's policy-making conferences.

As Mr. Auld observes, "shared responsibility" for school conduct could be highly beneficial "if it is devised carefully and is working properly." But neither condition seems to apply to present fact. In particular, the "sharing" has laid schools in general open to takeover on the William Tyndale model.

It is unrealistic to expect the NUT now to exacerbate its political difficulties by willingly retreating from its recently gained power. The only sure way the country has of preventing educational institutions from slipping into the control of extremist groups, is for central and local government to re-assert themselves and fulfil in practice the powers and duties they have by law.

Letters to the Editor

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corporation tax, etc. Further, accountants insist on seeing VAT returns of their clients, and it is quite easy to pick up VAT evasion by the accountants concerned.

I would also like to draw attention to the fact that the Civil Service increased by 5.3 per cent. per annum between June, 1974, and January, 1976, when production by industry actually decreased. What is required is a more cost effective Civil Service.

A. K. Unsworth.
1, Court Downs Road,
Beckenham, Kent.

Taxed where we spend

From Mr. F. Sherborne.

Sir, — I am afraid that your correspondent Mr. F. Stark (July 12) is a bit wide of the mark on the question of transferring taxation from earnings to spending. When a Government such as ours takes around 60 per cent. of the gross domestic product in taxation, all the old theories about where this makes an impact are really no longer valid.

As money circulates within our society the Government takes a large slice called taxation, which goes very rightly to smooth out some of the gross inequalities in the distribution of wealth and to provide essential social services, and very wrongly, to fritter away some of our resources in providing loss-making but inessential facilities which nevertheless are doubtless vote catching.

The old division between direct and indirect taxation has, of course disappeared for all practical purposes. For instance, the labour cost in any article I might buy is higher than it might otherwise have been because the gross remuneration paid for the work involved at every stage of production is increased as it must cover the income-tax paid by the workers involved as well as their take-home pay. As these charges go right through our indivisible society I am even paying something to cover my own income-tax.

I feel it could thus well be argued that all tax is at present levied at the point where we spend our money which, if we wish to stay alive, is quite unavoidable. Even any kind of wealth tax or capital transfer tax is no more than a tax on income. Such a tax can only be paid out of income or by disposing of an asset, that is a form of dis-saving which someone else can only acquire out of savings or income surplus to requirements which has arisen by yet somebody else paying for goods or services which have sufficient margin in the price to allow this saving to be made in the first place.

The whole problem has here, of course, been expressed in the very broadest of terms, but I feel that an appreciation of the principle involved would obviate a great deal of muddled thinking in future.

F. K. Sherborne.
High Trees, Cudham Lane South,
Cudham, Kent.

Aid to poor countries

From Mr. T. Simms.

Sir,—Gordon Tether (Lombard July 12) gives us a soul searching reminder of any moral obligations we might have let alone our actual promises of aid to the poor countries. He confined his remarks to aid and although many of us feel that investment is a more constructive and effective way of helping poor countries, I will do likewise.

There are probably many readers who would agree that there is something in his suggestion (in his final paragraph) that we have lost some confidence in ourselves and particularly at leadership level—but when in his final sentence he finishes off what is otherwise a both well inspired and inspiring appeal to our more humane instincts (albeit with an element of national self interest in mind) with the suggestion that "We should refuse to go on treating appeasement of international bankers as top priority—starting with the economic aid issue" he is surely inviting us to be less than honest as well as naive.

Although many see the disciplines which our creditors are likely to impose on us as being almost the last hope of our regaining some economic strength and standing in the world, Mr. Tether mis-hits a very important nail when he suggests that our creditors (or our attitudes to them) are to blame for our having to almost halve our aid to poor countries.

How much aid we give to poor countries should be and still is very largely our own business settled by our own conscience and the many other factors in the equation—no doubt taking account of contributions from other countries, but it will only remain so, so long as we trade such aid against our own standards of living. To trade it against "the appeasement of international bankers" and to use this as our excuse for welshing on our past promises is hypocritical to say the least and would hardly enhance our standing in the world or help us to "regain our self-respect."

T. E. Simms.
49, Heaton Grove,
Bradford 9,
West Yorkshire.

Insured pension benefit

From Mr. M. McShee.

Sir,—I am sure that many of your readers will be grateful to your correspondent Philip Giles (July 14) for his impartial assessment of the rival merits of privately invested and insured pension schemes. Mr. Giles, however, gives a less than complete account of the benefits which will flow from the adoption of an insured basis. In particular he has neglected to mention the enhancement of employment prospects for those who work in life offices which would follow upon a widespread switch by scheme trustees from private investment to the insured basis.

M. McShee.
31 Rowan Grove,
Dunfermline, Fife.

Company cars

From Mr. J. Byrnes.

Sir,—The Government's second thoughts were widely heralded as a concession and despite your report on July 10, it is still not generally understood that this "concession" means that many (most?) people with company cars in the 1000cc to 3000cc bracket will be paying more tax in 1977/78 than originally proposed. Although less tax may be payable in subsequent years it can take considerable time to recoup the 1977/78 position. For example, a driver of a car in the 1800cc-1999cc range will be paying tax on an additional £170 in 1977/78 and will not benefit from the Chancellor's generosity until after 17 years! Surely in fairness the Government should think again—again.

J. Byrnes.
41, Wick Avenue,
Wheathampstead, Herts.

Misconceived shorthand

From Mr. S. Reynolds.

Sir,—It was interesting to see Opus Dei described in your columns (July 15) as a "Catholic organisation that is used as a form of political shorthand to describe a sector of the banking and administrative world" in Spain.

It is unfortunate that some journalists use the name of Opus Dei as a label in this way, because it is totally misleading. The error lies in identifying the international association Opus Dei, whose aims are exclusively spiritual, with the temporal activities of its members (in this case with the activities of a very small minority of its members who happen to have held prominent positions in one country). The purpose of Opus Dei is to encourage people of all conditions to live fully Christian lives, each in his own state in life and through his ordinary work. As it happens the majority of members of Opus Dei—there are some 60,000 of them from 80 different countries — are of modest means and social position: manual workers, clerks, teachers, farm labourers, housewives, etc. Whatever their position they all enjoy complete freedom and receive no directives from Opus Dei on how to do their work, or what political views to hold or support, etc. It is only to be expected that their views should differ greatly in these matters, as indeed they do.

As one who has enjoyed this freedom in Opus Dei for many years, I naturally object to being identified with any movement, trend or group to which I owe no allegiance or support. Surely it is also in the interest of good journalism to avoid using labels that are misconceived, however "convenient" they may seem at the time.

Stephen Reynolds.
Netherhall House,
Nutley Terrace,
Hampstead, N.W.3.

MPs' pay rise

From Mr. A. Holland.

Sir,—The cynicism with which Mr. Foot glibly announces a £6 rise for MPs as conforming with the pay code is almost beyond belief. He knows full well that on April 29 MPs voted themselves, with only 24 dissentients, pensions based on a notional salary of £8,000 per year which was a clear breach of the pay code and a course of action denied to the rest of the community. It is no good his defending the situation on the grounds of non-implementation of the Boyle report or any other report.

All pay codes breed injustice and narrow differentials unfairly. Only MPs and higher paid civil servants with their indexed pensions have opted out from sharing the national burden.

I seem to remember a story about "Cleansing the Augean Stables" which is becoming ever more appropriate.

Anthony D. R. Holland.
Windlesham Manor,
Windlesham, Surrey.

To-day's Events

GENERAL

Mr. Denis Healey, Chancellor of the Exchequer, expected to meet Labour Party's Home Policy Committee on proposed cuts in public expenditure.

EEC Foreign Ministers and Agriculture Ministers begin two-day meetings, Brussels.

CBI Northern Regional Council meets.

Dame Evelyn Denington receives Freedom of City of London, Guildhall, E.C.2, noon.

Commonwealth scientists meet in Washington, in conjunction with 15th International Congress of Entomology, to discuss "Biological Control of Pests and Weeds."

Sir Lindsay Ring, Lord Mayor of London, attends London Borough Mayors' annual service, St. Paul's Cathedral, 5.30 p.m.

PARLIAMENTARY BUSINESS

House of Commons: Finance Bill, remaining stages. Consideration of EEC document on 1977 draft budget.

House of Lords: Debate on White Paper, "Developments in European Communities November 1975 to April 1976," and on report of EEC Committee on Tindemans Report. Debate on EEC's 1977 draft budget.

OFFICIAL STATISTICS

Basic rates of wages and normal weekly hours (June). Monthly index of average earnings (May). Retail sales (June—provisional).

COMPANY RESULTS

Coral Leisure Group (half-year). Montague L. Meyer (full year). Rank Organisation (half-year).

COMPANY MEETINGS

See Week's Financial Diary on page 10.

BALLET

Queen Mother attends opening performance by Martha Graham Dance Company, Royal Opera House, Covent Garden, W.C.2, 7.30 p.m.

Australian Ballet dance The Merry Widow, Palladium Theatre, Argyll Street, W.1, 7.30 p.m.

MUSIC

Philip Pilkington gives piano recital of music by Mozart and Brahms, St. Lawrence Jewry next Guildhall, E.C.2, 1 p.m.

Bach Choir, conducted by David Willcocks, sings for Westminster Cathedral appeal, 7.30 p.m.

BBC Symphony Orchestra, with Clifford Curzon (piano) play Mozart's piano concerto No. 27 in B flat major, and Bruckner's symphony No. 7 in E major, Royal Albert Hall, S.W.7, 7.30 p.m.

Sachiko and Kunio Kodama (piano duet) perform music by Mozart, Schubert, Sato and Ravel, Wigmore Hall, W.1, 7.30 p.m.

COMPANY NEWS

Associated Newspapers well placed

UNDER THE current uncertain conditions it would be unwise to make any predictions, but provided there is no worsening in the overall business climate Associated Newspapers Group is well placed to maintain its level of earnings, says the chairman, Mr. Vere Harmsworth.

He points out that expected increases in newsprint and other costs must have an adverse effect on the profitability of the newspapers, and their results for the current year may not equal last year's unless advertising revenues improve.

But interest in other activities should broadly continue their achievements, and this year there should be the first full year of production from North Sea oil, the chairman adds.

As reported on July 8 group pre-tax profit improved from £8.22m. to £8.45m. in the year to March 31, 1976.

Despite increased costs the Daily Mail made a larger contribution to earnings which represents a significant turn around in the newspaper's economic situation.

Although steps were taken to rationalise production the Evening News continued to make trading losses. Classified advertising revenue, particularly recruitment advertising, fell and circulation of both London evening newspapers suffered from the effects of their increased prices and of the general economic pressures caused by inflation.

Further steps to reduce costs were taken, but continuing growth of costs is not adequately balanced by increases in revenue. Further measures to restore the trading position of the Evening News are being pursued.

Associated Newspaper Group is controlled by Daily Mail and General Trust. Meeting, Waldorf Hotel, W.C., August 12 at 10.30 a.m.

Chairman's statement page 36

HIGHLIGHTS

While the week-end post bag is very slim the coming week promises to be more active on the company news front. **Midland Bank and Lloyds** start the ball rolling for the current season of interim results from the clearing bank sector with both statements due on Friday along with mid-term figures from **Unigate**. To-day the interim figures are due from **Rank Organisation** while to-morrow the half time figures from **British American Tobacco** are scheduled. Completing the list of big guns this week are **Union Discount** on Wednesday and **Plessey** on Thursday, again both interim statements.

Kwik-Fit (Tyres and Exhausts)

In his annual statement Mr. W. A. Stenson, chairman of Kwit-Fit (Tyres and Exhausts) Holdings, says the level of current trading is such as to indicate satisfactory and encouraging prospects for the current financial year.

The directors intend to continue the expansion of the Kwit-Fit Tyre and Exhaust Fitting Stations and new sites will be developed as and when they can be found and researched.

As known pre-tax profits for the year to February 29, 1976 was £330,715 (loss £679,969). The dividend is 1.25p (nil), and a one-for-four rights issue at par (25p) is proposed.

Geo. Wills sees some increase

WITH ALL divisions, except export, operating satisfactorily, George Wills and Sons (Holdings) was confident of improving on last year's results, reported chairman Mr. Philip Wills to the annual meeting.

"But we cannot expect a vintage year in 1976," he stressed. The cash position remained very satisfactory.

He explained that the outlook for this year in the export division was made most uncertain by recent developments in Singapore, affecting that whole country.

Progress for Vernon Fashion

With the first half year nearly completed (it ends on July 31), Mr. S. Marks, chairman of Vernon Fashion Group confirms that sales are continuing to reflect the rate of progress he indicated in his report last month.

And at the annual general meeting he told members: "All the signs are that at this time next year, I shall be able to report that further good progress has been made."

More branches were expected to be opened in the near future. The move to New Barnet at the beginning of the year had been a great success.

Chamberlain Phipps optimistic

Although conditions are still not buoyant, most sections of Chamberlain Phipps are operating satisfactorily, and the chairman, Mr. W. R. F. Chamberlain, believes that profits and earnings per share, subject to the usual caveats, should be "appreciably in excess of last year."

In the middle of the year to March 31, 1976, trading reached a low ebb, but since then there has been a steady improvement and sales for the first 10 weeks of the current year are 35 per cent. up on the comparable period last year.

As reported on June 6 pre-tax profit for the past year was down from £1,276,000 to £693,000, on a turnover of £35.35m. (£37.38m.).

An analysis of sales and trading profits (£000s omitted) shows U.K. shoe components £16,942 and £680; overseas shoe components £4,370 and £236; U.K. moulding £4,583 and £186; overseas moulding £825 and £34; U.K. general industries £9,208 and £189; and overseas general industries £1,045 and loss £137.

The value of goods exported from the U.K. amounted to £4.33m.

Meeting Higham Ferrers, Northamptonshire, August 10 at 2.30 p.m.

Outlook at British Dredging

With the continuation of the recession and the consequent effect on the economy, trading is extremely difficult at British Dredging Company, states the chairman, Mr. D. Mostyn Bowles.

The group has surplus capacity and efforts are being concentrated to obtain a larger market share and to secure new outlets.

As reported on June 5, there was a reduced loss of £162,209 (£208,819) for 1975 on a turnover of £16.23m. (£11.99m.).

As at April 29 Ready Mixed Concrete held 25.2 per cent. of the equity. Meeting, Cardiff, on August 13 at noon.

BRENT WALKER ACCOUNTS

Now that the situation regarding the Brent Cross development has been resolved, the directors of Brent Walker intend to consider the preliminary results for 1975 at a Board meeting on August 9.

They felt it would not be meaningful to complete the accounts if some settlement over Brent Cross was likely to be reached quickly.

Derritron growth prospects

THE OUTLOOK for manufacturers of electronic equipment, etc., Derritron, is very encouraging, says the chairman, Mr. R. A. W. Rudd.

Increased profitability in the industrial electronics companies together with continuing improvement in the service company and the stemming of losses from the two other concerns encourage the directors to look forward to continued growth and a greatly increased profitability, he adds.

As known, pre-tax profit for the 8 months to December 31, 1975 was £112,550 (£9,032 for 12 months).

Derritron Electronics entered the new year in a very healthy position, and Mr. Rudd is confident that it will continue to obtain an increasing share of the specialist field in which it operates.

Technical Indexes increased its contribution to group profits and is continuing its planned diversification into other markets and areas.

Meeting, Winchester House, E.C., August 9 at 11 a.m.

FT Share Information Service

The following security has been added to the Share Information Service:—

Leaderflush (Doors) (Section: Building Industry, Timber and Roads).

EQUITY AND LAW LIFE

Sums assured by Equity and Law Life Assurance for the six months to June 30, 1976, amounted to £460m. (£501m.).

Annual premiums were £7.1m. (£7.9m.), and single premiums £5.5m. (£4.0m.).

A revised treatment of certain group business affects the mid-year figures, but not those at end of the year, and the figures to June 30, 1975, have been adjusted accordingly, it is stated.

JEVONS COOPER

Jevons Cooper has completed the purchase of Squires Steel Stockholders from Cooper Finance. Cooper Finance now holds 217,000 Jevons Cooper shares (11.67 per cent.).

Trevor Humphries

Sir John Davis, chairman of the Rank Organisation, who is due to announce to-day the group's first half year results.

ISSUE NEWS

Hambro Life £10m. offer for sale

The prospectus is published today in connection with the offer for sale by Hambro Life Assurance of 4,243,000 Ordinary 25p shares at 235p each to raise £9.97m. payable on full application. Of the £5m. of issued capital, 21.2 per cent. is being offered.

The company was formed in 1965 as Sapphire Assurance Company. In December 1970 control was acquired by Hambros and the company's name was changed to Hambro Life. The intention was to develop the company as a life assurance group primarily concentrating on unit-linked business. The company does also offer some non-unit-linked assurance though there are no with-profits policies.

The prospectus shows that new annual premiums have grown from £1.6m. in the year ended December 1971 to £19m. in the year to last December, while single premium bonds have shot up from £25.7m. in 1971 to £103.3m. in 1972 since when there has been a decline to £16.9m. in 1975.

The total of annual premiums received net of reassurances has grown from £1.1m. to £39.9m. over the same period while the total of all premiums has risen from £26.8m. in 1971 to £64.3m. in 1975 after reaching a peak of £121m. in 1973.

Sales force & brokers

The company's policies are sold through two main sources: a sales force and insurance brokers. The sales force operates through 74 *branches and consists of 121* members of branch management and some 1,400 sales associates. The percentage of the company's total new business accruing from various sources has varied from year to year but 65 per cent. of business in 1975 and 63 per cent. in the first half of 1976 was produced by the sales force. The broker department operates from nine cities offering a service to some 2,000 insurance brokers.

The company's new annual premiums for the first half of 1976 amounted to £13.8m. (£9.2m.) and single premiums for the first half of 1976 were £29.4m. (£11.3m.).

The directors forecast that for the year to December, 1976, the transfer from the Life Fund will amount to £4.8m. after tax. This will enable the group to pay dividends totally 13.75p per share costing £2.75m. and leaving £1.66m. for retention.

On the offer price of 235p the gross dividend yield would be 9 per cent. and the dividend would be covered 1.74 times before an extraordinary item amounting to £390,000.

The directors state that although it would be unrealistic to expect to achieve the same rate of growth of new annual premium business as over the past five years the directors look forward to a substantial, though fluctuating, volume of single-premium business and a maintaining rate of new annual premium business exceeding the industry average.

Applications will open and close on Thursday, and dealings begin the following Tuesday.

Prospectus pages 30—33.
See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indicators are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—A. Kershaw, Rank Organisation.

Finals—Arlington Motor, Harold Ingram, H. and R. Johnson-Richards Tiles, Montague L. Meyer, Alfred Preedy, Renwick, Rosgill.

FUTURE DATES

Interims—	
Bank Leumi	July 21
"Investing in Success" Equities	July 22
Johnson Group Cleaners	Aug. 19
Ladies Pride Outerwear	July 29
M.K. Refrigeration	July 21
Nefo N.V.	July 20
New Throgmorton Trust	July 20
Scottish Northern Investment Tst.	July 20
Tace	Aug. 12
Finals—	
Amalgamated Distilled Products	July 23
Craig Shipping	July 28
Midland Trust	July 29
Miller (H.) Investments	July 21
Morgan Edwards	July 22
Watsham's	July 23
Western Board Mills	July 22

ROWNTREE

Rowntree Mackintosh has been informed that the Joseph Rowntree Memorial Trust, which is entitled to subscribe for 892,312 shares under the rights issue will be taking up its entitlement in full, and that the Joseph Rowntree Charitable Trust, which is entitled to subscribe for 514,400 shares, will be taking up the greater part of its rights.

Government urge to stop rise in mortgage rate

THE GOVERNMENT should stop building societies increasing mortgage interest rates, Mr. Walter Johnson (Lab., Derby South) said yesterday. "It will be scandalous if this were allowed to happen when building societies are awash with funds and when moderation is demanded of everyone else. "In the last two or three days building societies have been softening people up to the possibility of mortgage interest rates going up again," he said.

Mr. Johnson will table a Commons question to Mr. Peter Shore, Environment Secretary, urging that he makes clear to the building societies that "in no circumstances will the Government permit an increase in the interest rate at this time, certainly until a full investigation has taken place of the assets held by building societies, over and above the normal requirements of liquid assets."

He said unless the building societies could be told to "put their house in order quickly" the Government should refer them to the Monopolies Commission.

"It will be outrageous if they were permitted to put up the cost of living for 4m. people buying their own homes when all this money is lying idle.

Disregard

"The building societies over the years have shown a complete disregard of the needs of people and certainly I would hope that the Government would insist on a complete reappraisal of their activities."

Mr. Patrick Jenkin, Opposition spokesman on Social Services, called yesterday for more fraud inspectors to help reduce the level of social security abuse.

But, he said in a letter to Mr. David Ennals, Social Services Secretary: "You will never get rid of it until it pays to work."

He said it had been estimated that 25,000 people were better off out of work. "I believe the true figure is a good deal higher than this. More and more low earners are being dragged into the tax net and more and more large families are finding Social Security benefit more generous than wages."

Mr. Jenkins said the Government had wasted so much money since coming to office that it was impossible to raise the starting point for tax to a reasonable level.

Mrs. Margaret Thatcher said yesterday Britain's traditional freedom was threatened by the way in which the Socialists were moving further left. "When it comes to voting there are no moderate Socialists. They talk moderate but they vote left."

She said on BBC Radio 4 Programme, The World This Weekend, the Government was taking the unprecedented step of using five guillotines on Bills in the Commons because "they are left-wing measures, and on their present majority they should not be putting them through anyway.

"I am very worried indeed at the large number which seem to b people increasingly tal freedoms, and movement towards ship and central c

"That, I believe, Britain wants. And we go very much fu direction we shall towards a Socialist- it will be difficult t what I regard as British way of life a tional and fundamen

Mr. Norman St. Opposition spokesm cation, Science and the Aylesbury Association at Bled

"There is a fine be made of Mr. M previous utterance guillotine. As he de Commons on May guillotine is the I a Government whc they cannot get the consent of Parliam determined to have any case.' On the s he declared that t denied to member ment 'the effective debate.'

Dictatorial

"As Mr. Foot st another debate on t 'The alternative things on the floor by open debate is s Fascist dictatorial That is a point to w now rapidly advanci

Mr. Nicholas Fa Kinross and West said at the week- "obscene" that Mr. Home Secretary, sho ing into the £80,000 dent of the Europe sion when the Gove proclaiming that h were immoral.

He told a meetin *Perthshire*: "I hop forbidden any incr kind if they earn £ before tax, will note the authors of that slipped into a job at tax at the suggestio of its authors, Minister."

Lord Selwyn-Llo Speaker of the Ho mons, called for P reforms—shorter s more questions, the debates, changes in process, and older. enced MPs—in t Northern Lecture la

The lecture—first was delivered befor audience at the Centre in Manchest

He said rowdin Commons "doesn't with 600 member together to vote at 1 waiting for the resu at the end of a lo tentious debate, ve ally, there is a reg dent. With human n and has been, that w the case.

"Comparatively, House's behaviour and perhaps better

هكذا صحيح الأصل

...ing dividends ...able

...venience of readers the dates when some of the company dividend statements may be expected in ...eeks are given in the following table. The dates ...of last year's announcements, except where the ...rd meetings (indicated thus*) have been officially ... should be emphasised that the dividends to be ... necessarily be at the amounts or rates per cent. ...umn headed "Announcement last year." Preliminary ...ally accompany final dividend announcements.

[illegible]

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

...Authority Investments

...RITY loan rates was unsettled by the weakness of ... a general range sterling. The Financial Times ... for the shorter Government Securities Index ...ek, and rates in ended at 62.69, unchanged on the ...sector were also week. ... the most part. One-year local authority bonds ... market was un-were placed during the week at ...ications of future par, with an unchanged coupon of ...ent spending, but 11½ per cent.

*Rate (%) July 16, 1976

[illegible]

...for sums not less than £20,000 and are subject to ...and fluctuation. † Nominal. ‡ Shorter periods may ...ates than longer. n.a. Not available.

Works Loan Board rates

Effective from July 17, 1976

[illegible]

...ns B are 1 per cent. higher in each case than non-... † Equal instalments of principal. ‡ Equal repayments.

...n tea sales

[illegible]

...NT ISSUES

EQUITIES

[illegible]

...IXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

INTERNATIONAL COMPANY NEWS

Barrow Island gas find

BY JAMES FORTH

SYDNEY, July 18.

A CONSORTIUM drilling on Barrow Island, off the North West coast of Australia, to-day reported a major gas flow pointing to the discovery of a commercial natural gas field. West Australian petroleum (WAPET) annonced a flow of 21.8m. cubic feet of gas a day from its Perentie No. 1 well—the largest flow recorded on the North West shelf. It compares with 18.2m. cubic feet a day from the Woodside-Burmah consortium's Scott Reef well and 14.8m. cubic feet a day from Wapet's own offshore well West Tryall Rocks.

The Perentie well, however, is being drilled on dry land—Barrow Island, where the consortium has a producing oil field. Barrow Island lies off the coast near the Pilbara iron ore region Wapet is owned two sevenths each by Shell, Texaco and Standard Oil of California and one seventh by Ampol Exploration, itself 65 per cent. owned by the local petroleum group, Ampol Petroleum.

Wapet already has a small producing gas field onshore in West Australia—Dongara with reserves of 400bn. cubic feet. It also has a commercial offshore field in West Tryall Rocks, northwest of Barrow Island.

Perentie would be a much cheaper proposition to develop if it proves commercial because it is on land, and because there is already some infrastructure. It would also be much cheaper than the proposed natural gas developments of the nearby Woodside-Burmh consortium.

There have been reports that Perentie could contain as much as 1.5 trillion cubic feet of gas, but more testing will need to be done.

$A50m. plant for Shell Chemicals (Australia)

BY OUR OWN CORRESPONDENT

SYDNEY, July 18.

SHELL CHEMICALS (Australia) will spend $A50m. on a new polypropylene plant at its Victorian oil refinery and petrochemicals complex. The project joins the $A50m. Monsanto-Broken Hill Proprietary styrene monomer venture and B. F. Goodrich's $A8m. polyvinylchloride petrochemical investment.

The plant will come on stream in 1978, and have a capacity of 30,000 tonnes a year. At present the local market is around 60,000 tonnes a year, shared fairly evenly between Shell and Hoechst Australia. Polypropylene is made into rigid moulding for industrial and domestic uses, clear film, soft fibres for textiles and industrial pipes and sheeting.

Shell said that in assessing the economics of the project it had taken note of the federal government's assurances that it would create and sustain an environment in which efficient local industry would achieve a reasonable return on new manufacturing investments.

At present there is some spare capacity and demand is lagging slightly. But Shell has planned the new complex to start production to meet a projected increase in demand.

Loss at Voest-Alpine

By Paul Lendvai

VIENNA, July 18.

VOEST-ALPHINE, Austria's nationalised steel concern, suffered a loss of Sch.660m. (about £20m.) last year. This was announced at a Press conference in Linz by the director-general Dr. Herbert Koller. In 1974 the balance sheet showed a net profit of Sch.175.5m. and a six per cent. dividend was declared. However, the worldwide steel recession, coupled with rising costs, led to a suddenly deterioration of the company's position.

Dr. Koller described the year as "unsatisfactory" but he stressed that the success of the engineering and steel construction branches, which accounted for 28 per cent. of the output and managed to offset the Sch.1bn. fall in sales of the metallurgy sector, was a good sign as far as the future of the concern is concerned. The consolidated balance sheet of the company, including also the VEW, the special steel subsidiary, was Sch.54.6bn. Production staff totalled 82,000. Turnover last year (seasonally adjusted) reached Sch.38.4bn.

World Economic Indicators

INDUSTRIAL PRODUCTION

					% change on year
	June '76	May '76	April '76	June '75	
U.S.A.	129.9	129.5	128.6	116.4	+11.6
	May '76	April '76	March '76	May '75	
U.K.	103.1	102.1	101.1	99.1	+4.0
W. Germany	116.2	116.8	108.8	109.7	+5.9
Japan	123.9	126.2	112.5	108.3	+14.4
Holland	120.0	121.0	124.0	114.0	+5.3
France	121.0	122.0	121.0	108.0	+12.0
	April '76	March '76	Feb. '76	April '75	
Italy	120.8	123.6	113.0	114.1	+5.8
	March '76	Feb. '76	Jan. '76	March '75	
Belgium	120.3	108.9	104.9	110.2	+9.2

Money and Exchanges

Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)

Short-term fixed period interest rates were generally steady in quiet conditions in the London money market last week.

At the weekly Treasury bill tender the average rate of discount fell by 0.0320 per cent. to 10.8505 per cent. and Bank of England Minimum Lending Rate was unchanged at 11½ per cent.

Day-to-day credit was generally in short supply and the authorities gave assistance to the discount market each day last week. The scale of help was large on Monday, very large on Friday, and small on Tuesday, Wednesday and Thursday.

Foreign exchange markets were rather nervous last week, and sterling, which gained 80 points against the dollar on Monday, lost ground on the following four days. It finished on Friday at $1.7755-1.7765, a fall of 45 points on the week, while the trade-weighted depreciation since the Washington Currency Agreement, as calculated by the Bank of England, was unchanged at 38.9 per cent.

Moves from the Government on future cuts in public spending had little effect on the pound, possibly because a reduction of £1bn. in the public sector borrowing deficit for next year has already been discounted.

Selling of sterling during the week may have reflected further diversification into stronger currencies by oil exporting countries. Abu Dhabi was reported to be a seller of sterling during the week and has indicated that it wishes to receive future revenue only in dollars.

Euro-sterling interest rates have remained high, indicating continued intervention by the Bank of England in the forward market to discourage speculation against the pound, and the authorities may also have made further use of the standby credit facility to prevent too fast a decline by sterling.

Fears that the present drought conditions will cause problems for French agriculture and have an adverse effect on the economy in France has contributed towards the weakness of the French franc. The Bank of France intervened to support the currency, and was also responsible for a sharp rise in Eurofranc interest rates by action in the forward market.

Large purchases of dollars by the Bank of Japan has failed to prevent a sharp appreciation by the Japanese yen, following recent speculation that the U.S. considered the Japanese currency to be undervalued.

Austria's decision to allow the schilling to move outside its recent band associated with the European currency "snake" had some effect on the German mark and the Swiss franc. All three currencies tended to improve on the news but were fairly steady by the end of the week.

Reaction to the price of $122.05 set at the International Monetary Fund's second gold auction was generally favourable, but steady selling of the metal in a market which lacked buying interest pushed gold down sharply on Thursday and Friday. It finished the week at $116¾-117¼, a fall of $5¼ from the previous Friday, and was at the lowest level since the end of December 1973.

INSURANCE BASE RATES

† Atlantic Assurance ... 10½%
Cannon Assurance ... 9½%
† Address shown under Insurance and Property Bond table.

[illegible]

EXCHANGE CROSS-RATES

[illegible]

GOLD MARKET

[illegible]

EURO-CURRENCY INTEREST RATES*

[illegible]

OTHER MARKETS

[illegible]

FOREIGN EXCHANGES

[illegible]

FORWARD RATES

[illegible]

SPECIAL DRAWING RIGHTS RATES

[illegible]

MINING NOTEBOOK

South African threat to Australia's beaches

BY LODESTAR

ONE OF THE world's most intriguing mining situations is that for the so-called beach sand minerals, rutile, zircon and ilmenite. The producers thereof, mainly Australian, had their 1974 boom period along with other less esoteric miners but did not escape last year's turndown in the world economy, especially that for the pigment or industrial paint industries.

Now, as with other mineral producers, things are looking up. Consumer demand particularly in the U.S. has been recovering since November. It is described as a sluggish movement but is at least in the right direction. So for medium-term holders it would probably be as well to hang on to such shares as Westralian Sands and the Consolidated Gold Fields group's Western Titanium and Associated Minerals Consolidated.

But there are indications that their days of stock market brilliance about which I used to write may be permanently over. This is because the Australian industry now has to look furtively over its shoulder towards the days in 1978 when South Africa will be providing strong productive competition.

This will stem from the big Richards Bay project in Natal in which the major participants are Union Corporation with 30 per cent., Canada's Quebec Iron and Titanium Corporation with 40 per cent., South Africa's Industrial Development Corporation with 20 per cent. and, the latest recruit, that country's "Old Mutual" Life Assurance Society with 10 per cent.

The Canadian element is important in that QITC, which is owned as to two-thirds by Kennecott Copper and a third by New Jersey Zinc, itself produces and markets two main products, titania slag and a high quality pig iron. It mines ilmenite from one of the world's largest known deposits in the Allard Lake area of Quebec but the changing nature of the company's markets in the titanium pigment industry has led to the search for other sources of supply.

Output targets

It should be high enough from Richards Bay which at a cost of some R250m. (£162m.) is aiming at a 1980 full capacity annual production of 399,000 tons of titanium slag, 115,000 tons of zircon, 56,000 tons of rutile and 217,000 tons of low manganese pig iron. Revenues therefrom, over 90 per cent. of which will be derived from export sales, are put at nearly R100m. (£64.7m.) on the basis of current prices with titanium slag providing some 45 per cent. thereof.

Titanium is estimated to be the ninth most abundant element in the earth's crust although only ilmenite and rutile of the titanium-bearing minerals are of any commercial importance. Australia is the present major source. Titanium oxide pigments strengthen, brighten and whiten or render more pliable the surface finishing of a wide variety of commercial products. Demand is thus very closely tied to the level of world industrial activity. The South African project certainly has to look well ahead because the deposit has an estimated life of some 30 years.

Incidentally, it may interest the environmentally beleaguered Australian beach sand miners to know that, to quote, "unlike many drift sand reclamation areas the Richards Bay area enjoys a climate conducive to fast growth." So no problems are anticipated in the successful rehabilitation of the ground mined.

Union Corporation will be applying expertise gained from its hard-won experience on the eastern coast of Australia through its Cudgen and Consolidated Rutile company interests in that part of the world. There is a theory in Sydney that if Richards Bay proves to be a winner then UC could well be happy to pull out of its Australian beach sand mineral stake which may have been educationally rich but has hardly been so financially.

In the meantime, UC is not averse from using the know-how of a down-under company in the South African project. The dredges, concentrator and dry-mill have been designed by Australia's Mineral Deposits which has extensive sand-mining experience there as well as a consulting practice.

Murchison

In a generally depressed South African mining market on Friday the shares of antimony producing Consolidated Murchison at 830p were additionally pushed down by a June quarter profit which was a disappointment indeed. But the London bulls—and this has included this column in recent times—were undeterred. Their argument was that the setback could provide a further buying opportunity in anticipation of what is expected to be a bumper September quarter.

Tin and platinum

The theory, and it can be no more than that for this historically unpredictable company, is that in the current three months there should be a boost to sales from last quarter's unexpectedly lower figure; the antimony price received should be higher; and the tax charge reduced. There is, however, plenty of time between now and October 15 when these expectations will be put to the test.

One of this column's tin share favourites Ayer Hitam has not had to wait for its proposed emigration to lift its dividend by more than the U.K. statutory limit. The payment for the year to June has been lifted, with Treasury permission, by no less than 77 per cent. to a total of 23p with the declaration of a second interim of 16.7p. The distribution comes out of earnings per share of 43.8p. The shares were 270p on Friday, their best this year to date and comparing with 200p when selected here in March. The impact of the higher tin price is dramatically illustrated in that profits were more than halved in the first six months of the period.

The theory behind the bullishness expressed here for platinum shares, namely that demand for the metal is reviving more than the producers are prepared to admit, has now been doubly underlined. Firstly, Impala Platinum hoisted its price from $155 to $170 an ounce thus leapfrogging over the Rustenburg rise to $165. Then on Friday the latter came from behind with a price of $180, the best level since $190 early last year. The Rustenburg holding companies' shares were actually down on Friday in line with the rest of the South African market with "Pots" at 150p. They should be better this morning.

Annual review

Year after year I gladly welcome here, if only because I think other people should know about them, the various mining "bibles" that arrive on my desk. The latest pitched up with a thump indeed because its 560 glossy pages carry great weight in more ways than one. They not only cover no less than 57 different minerals but also range over more than 150 countries.

The 1976 theme of the Mining Journal's annual review bangs one of this column's favourite drums. It calls for a realistic approach to mining by the world's governments so many of which have been stultifying their mineral industries in recent years through short-sighted fiscal policies.

In the long term "with the expectation of a tripling of mineral requirements by the end of the century the crucial issue is not a matter of resource availability—given a high enough price mineral resources are more than adequate. Rather it is a matter of financing both of exploration and production. And this comes back to government." The review is part of a combined subscription for the Mining Journal itself but additional copies are available from 15 Wilson Street, London, E.C.2, for £9.

INSURANCE

The growing cost of products liability in U.S. and EEC

BY OUR INSURANCE CORRESPONDENT

NOT ONLY in Britain but throughout the European Economic Community increasing attention is being focused on the reform of liability laws relating to the manufacture, distribution and sale of products. Draft conventions, draft directives, committee reports and working papers abound. Precisely when the present social welfare impetus will have spent itself is by no means clear but what is certain is that products liabilities are soon to be much more onerous. Equally clearly, it is we consumers who ultimately will have to foot the bill for the substantially increased compensation which manufacturers, distributors and sellers will have to pay, either from their own funds or through insurance premiums.

Since compensation does not grow on trees, in this particular sphere a manufacturer or supplier who has not the financial margin to meet new compensation liabilities or to insure them adequately must raise his prices. Even worse, in a time of price restraint, he may have to go out of business.

In the United States there has been a much more vocal consumer protection lobby than in this country or in Europe and in the last few years litigation lawyers have been having a bean feast running claims for products liability compensation.

The present state of play in the U.S. is considered in an article in the current issue of the Journal of Insurance (published by the Insurance Information Institute): the article discusses the growing concern of the small to medium U.S. manufacturer faced with ever increasing products liability insurance premiums.

The American legal system is somewhat different from our own. In particular, lawyers seek compensation for their clients on a contingent fee basis, earning nothing if they fail but taking an agreed percentage of the award on success, and the courts award punitive damages in addition to compensation for pain and suffering and for financial loss.

Soaring figures

Given these differences, the growth of products claims in U.S. is astonishing. It is reported that in the last ten years the number of claims has grown by more than 1,000 per cent. and current awards run into the $m. bracket: insurers are said to have lost $2.5bn. in the underwriting of products cover in the last five years.

The impact of these claims on premiums has been enormous. An extreme example is given of a small manufacturer with a turnover of $400,000 who paid $154 for his cover in 1974, $1,571 in 1975 and now faces quotations of $40,000 for this year's insurance. Other instances are given over the longer period, 1969 to 1975, in which one company's premium had risen from $3,024 to $168,659 while another's had risen from $15,000 to $400,000.

This being a Presidential election year, no one is likely even to try to stem the tide. But it seems that manufacturing trade associations are now getting together to try to persuade the U.S. Government that there should be some changes in the law. Particularly they are concerned with some restriction on the percentage of the award the lawyer can take on a contingent fee basis and the elimination of punitive damages. They are also seeking a review of what has now come to be a strict legal liability to pay where defect is proved.

It is in this last respect that in this country and in Europe all the pressure is to take the brakes off; strict liability is the cry. It is extraordinarily difficult in advance to try to evaluate the cost of any law reform but this clearly is one of the spheres where law reform may prove to be very costly; the question must be asked, before it is too late, whether we as a nation and as a member of EEC can afford this particular reform?

Nippon Kokan management change

FINANCIAL TIMES REPORTER

A MAJOR reorganisation accompanied by top level management changes, affecting members of the board of directors, has been completed by NKK (Nippon Kokan), Japan's second largest steelmaker and leading shipbuilder/engineering and construction firm.

In its results for fiscal 1975 (ended March 31, 1976) NKK showed a gross income of Y1,173bn. (£2,167bn.), down 1.6 per cent. compared with the previous term. Net earnings after taxes were Y4,924bn. (£9.1m.), a drop of 75.7 per cent.

Gross sales for the Steel Division came to Y878.169bn. (£1,622bn.), down 7 per cent. from the preceding term. Operating income was Y63.617bn. (£117.55m.), a decline of 41.5 per cent. This was mainly due to the increased cost of raw materials. The reduced sales of the division were due to continued sluggishness of the world steel market. NKK's steel production in the year was 14.442m. metric tons in terms of crude steel. This was a reduction of 9 per cent. from the previous year.

Gross sales for the Engineering and Construction Division were Y143.899bn. (£265.905m.), up 20 per cent. Operating income was Y10.403bn. (£19.22m.). The black figures were due primarily to a sharp increase in projects such as engineering and construction of pipelines. The company reports that its foreign projects accounted for some Y38.909bn. (£71.9m.), more than double that of the previous term.

Gross sales for the Shipbuilding Division were Y151.105bn. (£279.216m.), up 18 per cent. New buildings completed during the term were 31 vessels totalling 2,728,000 dwt including both domestic and export deliveries. Ship repair operations accounted for Y13.045bn. (£24.11m.), an increase of 18 per cent. over the preceding term. While sales increased over the previous year's figures, operating income was down 38.57 per cent. from the previous fiscal year and came to Y5.994bn. (£11.07m.).

The principal reason for the decline of the operating income was the increased cost of shipbuilding materials.

The company's reorganisation has three main objectives. Functions and responsibilities have been better delineated to meet the increasing internationalisation of business. From this standpoint, the Overseas Projects Department has been reorganised, as well as the Market Research Department to facilitate integration of research and other activities. The Technical Research Centre has been reorganised to step up technology development. The Shipbuilding Division has incorporated a Planning Section to improve business efficiency. Additionally, overseas and domestic sales sections have been upgraded to department status.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

EUROBONDS

Dollar sector generally firmer

BY MARY CAMPBELL

ALTHOUGH Thursday's news of the latest U.S. money supply figures and the falls in U.S. bond prices unsettled the market on Friday, the dollar sectors were in general firmer last week. The fall in the value of the Canadian dollar against the U.S. dollar appeared to have little impact on Canadian dollar bonds.

The market is also being helped by the relatively small volume of new issues, which is being attributed to the beginning of the holiday season.

The major issue to be announced last week was $50m. for the Republic of Austria. The indicated coupon on the 14-year bonds (average life 10-36 years) is 8¾ per cent., a finer rate than on any other recent issue. On offer from to-day is a $25m. seven-year issue for Keppel Shipyard, under Singapore Government guarantee, at an indicated 9 per cent. The issue is being offered simultaneously on the Asia dollar and Euro-dollar bond markets with Daiwa Securities as lead manager handling the Asian end and Citicorp International handling the European end.

The only other new issue announced last week which is still on offer is a $Can.15m. for Royal Trust Co. Mortgage Corp. Indicated coupon is 9¾ per cent. and maturity six years. The European Coal and Steel Community raised $23m. for ten years on an 8½ per cent. coupon at 99¼ via S. G. Warburg.

The strength of the dollar sector was illustrated last week by the 100½ per cent. pricing on Santa Fe's 9½ per cent. ten year issue. The issue was being quoted around 101 on Friday. The National Coal Board's issue did not do so well however, being quoted a full point below its 99½ per cent. offering price.

Other sectors of the market were relatively quiet. In Germany the World Bank is raising DM150m. for six years in a private placement via Deutsche Bank. The coupon is 8 per cent. and issue price par. Due for announcement to-day is an issue for the Spanish Autopostas do Mare Nostrum.

Prices of Swiss franc foreign bonds rose sharply with the expectation that a further coupon cut may be on the way.

Akzona earnings on the upgrade

BY MICHAEL VAN OS AMSTERDAM, July 18.

THE RESULTS of the U.S. chemicals company Akzona have shown a considerable improvement in the second quarter of this year, despite stagnating sales of certain chemical fibres, says a statement released by Akzo, the Dutch group, which has a 65 per cent. interest in the U.S. company.

The second quarter net profit recorded by Akzona amounted to $3.4m. or $0.27 per share, which is up 63 per cent. on the $2.08m. ($0.17 per share) of the same quarter of 1975. Sales went up by 10 per cent. to $180.1m. in the second quarter from $163.7m.

The Akzo statement said that the lower profits at American Enka Brand-Rex and Organon were more than compensated for by the improvements at Armak, Armira and International Salt. But as a result of the deterioration of business in polyester textile and nylon carpet yarns, and the disappearance of the seasonally tied demand for salt for ice control, the company's results were lower than in the first quarter of this year when they were nearly $7.1m. or $0.57 per share.

Changes at NSU

BY OUR OWN CORRESPONDENT AMSTERDAM, July 18.

HOLLAND'S largest shipping company, Netherlands Shipping Union (NSU), has set up a new company based in Rotterdam, called Damco International, which will take in most of its international transport and forwarding activities. Some 20 companies, located in Europe, the U.S., Australia, Middle East and the Far East, with around a total of 2,300 staff, will become part of the new company.

A statement from NSU, which announced earlier that it was to move its Dutch head office from Rijswijk to Rotterdam, said that the re-organisation would not affect agreements with agencies. Damco International will comprise three separate divisions, named Damco International Expeditie (Forwarding), Damco Transport and Damco Air. It added that Mr. B. H. Claassen, currently deputy managing director of its Ruys transport group, will become the managing director of Damco International.

Howden recover

By Our Own Correspondent

JOHANNESBURG

REPORTING on its [illegible] the year to April [illegible] Group has shown [illegible] recovery from the [illegible] into three years ago [illegible] tax profits up from [illegible] R783,000. Tax at [illegible] mains at a low level [illegible] only 25 per cent. of [illegible] the outcome is ea[illegible] share up from 8.9 c[illegible] cents. The dividend [illegible] doubled to 4 cents [illegible] cents the shares yi[illegible] cent.

Howden in South [illegible] controlled as to 7[illegible] by James Howden a[illegible] mining equipment [illegible] range including [illegible] pressors and industr[illegible] ation equipment.

Indices

NEW YORK —DOW JONES

	July 16	July 15	July 14	July 13	July 12	July 9	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	985.21	997.49	1005.16	1006.06	1011.21	1005.11	1,011.21 (12/7)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
Home Bonds*	86.77	86.99	86.76	86.71	86.64	86.58	86.99 (15/7)	85.88 (13/7)	—	—
Transport	228.67	228.69	231.27	229.65	229.53	228.55	231.27 (14/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	90.56	90.97	90.91	90.66	90.04	89.53	91.90 (4/2)	84.8 (26/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	20,460	20,400	23,840	27,560	26,750	26,500	—	—	—	—

* Basis of index changed from July 1.

	July 9	July 2	June 11	Year ago (approx)
Ind. div. yield %	3.79	3.80	3.88	4.44

STANDARD AND POORS

	July 16	July 15	July 14	July 13	July 12	July 9	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	117.48	118.12	119.02	118.69	119.01	117.95	119.02 (14/7)	101.64 (2/1)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	104.68	105.20	105.95	105.67	105.99	104.98	105.95 (14/7)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	July 16	July 8	July 1	Year ago (approx.)
Ind. div. yield %	3.30	3.35	3.34	3.60
Ind. P/E Ratio	13.05	12.85	13.62	11.57
Long Govt. Bond yield	5.60	5.67	5.68	6.73

N.Y. S.E. ALL COMMON

July 16	July 15	July 14	July 13	1976 High	1976 Low
55.94	56.23	56.61	56.45	56.54 (12/7/76)	47.06 (2/1/76)

Rises and Falls July 16: Issues Traded—1,842; Up—488; Down—903; Same—451; New Highs 42; New Lows 8

MONTREAL

	July 16	July 15	July 14	July 13	1976 High		1976 Low	
Industrial	197.81	199.61	200.10	199.10	207.65	(19/5)	176.62	2/1
Combined	191.32	192.71	192.90	192.25	199.76	(20/5)	173.67	2/1

TORONTO	July 16	July 15	July 14	July 13	1976 High		1976 Low	
Industrial	189.04	189.52	189.85	189.16	197.46	20/2	175.01	2/1

JOHANNESBURG	July 16	July 15	July 14	July 13	1976 High		1976 Low	
Gold	166.0	173.9	172.7	170.0	225.7	(12/3)	166.0	(16/7)
Industrials	204.1	205.3	205.8	206.0	215.0	(21/5)	196.6	(5/4)

	July 16	Previous	1976 High	1976 Low
Australia (a)	497.14	492.37	497.14 (16/7)	445.62 (5/1)
Belgium (b)	102.10	102.07	112.16 (5/2)	97.60 (2/6)
Denmark (d)	112.56	111.77	112.55 (16/7)	100.20 (10/3)
France (e)	62.7	62.5	74.5 (3/3)	62.7 (16/7)
Germany (f)	746.4	746.2	821.7 (17/5)	735.0 (25/5)
Holland (g)	92.6	92.8	105.5 (5/2)	89.3 (29/6)
Hongkong (h)	410.42	412.58	465.56 (17/3)	384.55 (2/1)
Italy (k)	84.66	84.17	91.57 (25/2)	72.20 (4/5)
Japan (m)	347.71	347.56	367.80 (3/6)	326.23 (5/1)
Singapore (n)	257.17	257.80	286.16 (5/2)	256.5 (5/1)

	July 16	Previous	1976 High	1976 Low
Spain (p)	85.40	84.67	100.79 (7/5)	85.46 (1/4)
Sweden (q)	462.76	468.18	476.96 (10/5)	395.55 (19/1)
Switzerl'd (r)	290.8	291.7	298.6 (12/5)	275.5 (4/6)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63 (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970 (h) Hang Seng Bank 31/7/64 (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68 (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58 (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 425 Industrials. † 425 Inds., 50 Utilities and 25 Rails. (c) Closed.

AUSTRALIAN WEEKLY LIST

† Buyer. ‡ Seller.

TEL AVIV STOCK EXCHANGE

Source: Bank Leumi Le Israel, Tel Aviv.

JOHANNESBURG

AUSTRALIA

CANADIAN WEEKLY LIST

† Bid. ‡ Asked.

HONG KONG

SINGAPORE STOCKS

CORAL INDEX Close 389-394

† Buyer. ‡ Seller. * nominal. xd ex-dividend.

I.G. INDEX 01-351 3466 DECEMBER SUGAR 194½-196½

Investment premium based on $2.60 per £1—107% (110½%)

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

GERMANY

PARIS

AMSTERDAM

SWITZERLAND

MILAN

COPENHAGEN

OSLO

STOCKHOLM

BRUSSELS/LUXEMBOURG

SPAIN

TOKYO

Source Nikko Securities, Tokyo.

VIENNA

NOTES: Overseas prices exclude $ premium. Belgian dividends are shown after withholding tax.

هكذا أصل الأصل

AUTHORISED UNIT TRUSTS

REGIONAL MARKETS

......	N'thn. Goldsmith	86	......	Concrete Prods.	95
......	P.M.A.	37	-1	Helton (Hldgs.)	23
+2	Pearce (C. H.)	85	......	Ind. News	40
+2	Peel Mills	14	......	Ins. Corp.	165
......	RobbCaledonSh.	51	+4	Irish Distillers	50
......	Sayers 12½p	19	......	Irish Ropes	90
......	Sheffield Brick	82	......	Jacob	63
......	Sheff. Refrshmt.	140	......	Sunbeam	11
......	Shiloh Spinn.	25	......	T.M.G.	70
......	Sindall (Wm.)	50	......	Unidare	70

INSURANCE, PROPERTY, BONDS

FINANCIAL TIMES STOCK INDICES

	July 16	July 15	July 14	July 13	July 12	July 9	A Year ago
	62.59	62.64	62.55	62.59	62.64	62.59	60.97
	62.26	62.24	62.42	62.42	62.40	62.36	60.63
	391.0	393.3	389.1	389.5	386.4	386.7	298.9
	122.0	132.9	140.3	138.7	135.8	144.5	345.3
	5.65	5.61	5.65	5.64	5.68	5.68	6.79
	16.05	15.94	16.09	16.08	16.20	16.19	19.81
	9.26	9.33	9.24	9.24	9.18	9.19	7.21
	5,000	4,722	4,267	4,693	4,320	4,580	4,348
	—	53.19	40.68	40.06	30.20	44.54	43.65
	—	12,113	11,906	12,567	12,213	11,516	11,970

-392.7. 11 a.m. 392.4. Noon 391.1. 1 p.m. 390.2.
2 p.m. 390.4. 3 p.m. 391.0.
Latest Index 01-246 8026.

...d on 52 per cent. corporation tax. (b) Nil=9.19.
...t. Secs. 15/10/26 Fixed int. 1928. Ind. Ord. 1/7/35. Gold ... Activity July-Dec 1942.

HIGHS AND LOWS

1976		Since Compilation	
	Low	High	Low
	60.19 (2/1/76)	127.4 (9/1/56)	49.18 (3/1/75)
	59.75 (2/1/76)	150.4 (22/11/47)	50.53 (3/1/75)
	364.7 (2/6/76)	543.6 (19/5/72)	49.4 (26/6/40)
	122.0 (16/7/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	July 16	July 15
Daily—		
Gilt-Edged	153.3	142.3
Industrials	161.6	156.5
Speculative	47.2	52.6
Totals	113.8	107.5
5-day Av'rge.		
Gilt-Edged	150.4	154.6
Industrials	149.3	144.9
Speculative	49.7	49.9
Totals	104.7	102.8

—ACTUARIES INDICES

	July 16	July 15	July 14	July 13	July 12	July 9	A year ago.
	154.70	154.42	153.04	152.66	151.74	152.43	121.41
	171.44	171.83	170.16	169.76	168.73	169.31	134.82
	5.81	5.79	5.84	5.86	5.88	5.86	6.60
	10.29	10.31	10.22	10.20	10.13	10.17	6.65
	160.95	141.25	159.87	159.37	158.26	158.73	152.65
	13.96	13.94	13.94	13.93	13.93	13.91	13.76

OFFSHORE AND OVERSEAS FUNDS

BASE LENDING RATES

...Banks Ltd.	10½%	Julian S. Hodge	11½%
...press Bank	10½%	Hongkong & Shanghai	10½%
...uese Bank	11 %	Industrial Bank of Scot.	10½%
...acher	11 %	Keyser Ullmann	11 %
...bao	10½%	Knowsley & Co. Ltd.	12½%
...rez	12 %	Lloyds Bank	10½%
...rus	11 %	London & European	11 %
...W.	10½%	London Mercantile	11½%
...thone S.A.	11 %	Midland Bank	10½%
...k	10½%	■ Samuel Montagu	10½%
...stie Ltd.	12 %	■ Morgan Grenfell	10½%
...dings Ltd.	11½%	National Westminster	10½%
...Mid. East	10½%	Northern Comm. Trust	11 %
...ey	11 %	Norwich General Trust	11 %
...manent AFI	10½%	Portman Guaranty	9½%
...ter Co. Ltd.	11 %	P. S. Refson & Co.	10½%
...ngs	11 %	Rossminster Accept'cs.	10½%
...Japhet	11 %	Schlesinger Limited	11 %
...	11 %	E. S. Schwab	12 %
...Credits	11 %	Security Trust Co. Ltd.	12 %
...Bank	*10½%	Shenley Trust	12½%
...ecurities	10½%	Standard Chartered	10½%
...nais	10½%	Trade Development Bk.	10½%
...	11½%	Twentieth Century Bk.	12½%
...rie	10½%	United Bank of Kuwait	10½%
...scont	11 %	Whiteaway Laidlaw	11½%
...n. Secs.	10½%	Williams & Glyn's	10½%
...s	11 %	Yorkshire Bank	10½%
...nt Trust	10 %		
...Guaranty	10½%		
...ank	‡10½%		
...ahon	10½%		
...nk	10½%		
...Partners	13 %		
...	§10½%		
...Co.	†10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposits 6½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7½% and over £25,000 7½%.
§ Demand deposits 6½%.
‡ Call deposits over £1,000 6½%.

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.
Wrld.Wide Gth.Fn. | $US12.54 | +0.02 | —

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey yield. # Suspended. ☆ Single premium insurance bonds.

Definitions.—In this Offer for Sale: "the Company" means Hambro Life Assurance Limited; "the Group" means the Company and its subsidiaries; "HPAL" means Hambro Provident Assurance Limited; "the Life Fund" means the long-term assurance fund of the Company; "Hambros Bank" means Hambros Bank Limited; "the D.o.T." means the Department of Trade. The terms "actuarial reserve" and "actuarial surplus" are explained under "Surpluses and Profits" below.

Particulars of the Group

The following information relating to the Group has been provided to Hambros Bank by the Directors of the Company:—

History.—The Company (formerly known as Sapphire Assurance Company Limited) was incorporated in 1965. A small number of Sapphire policies, mostly endowment assurance policies to repay secured mortgage loans, are still in force but are now insignificant in relation to the Group's business as a whole.

In December, 1970 control of the Company was acquired by Hambros Limited, the holding company of Hambros Bank, and by the Company's new management, which had had previous experience of life assurance as mentioned in "Directors, Management, Staff and Administration" below. Shortly thereafter the Company's name was changed to Hambro Life Assurance Limited and further capital was subscribed.

Business

Principal Types of Policy.—The intention behind the change of control was to develop the Company as a life assurance company concentrating primarily on unit-linked assurance business and accordingly the principal types of policy offered by the Company are unit-linked. The range includes regular (annual or monthly) premium whole life and endowment policies, single premium bonds, occupational pension schemes for individuals and small groups and retirement annuity contracts for the self-employed and others not in pension schemes. The Company maintains separate Equity, Property, Fixed Interest and Managed Funds ("Unit Funds") for the purpose of calculating policyholders' benefits. These Unit Funds are notionally divided into Units, representing proportionate shares of the respective funds, and policyholders' benefits are calculated by direct reference to the values of the relevant Units, the types of which are in general specified in the policy or selected by the policyholder. The Company also offers non unit-linked assurance, comprising annuity contracts, term assurance and without-profits endowment assurance. There are no with-profits policies.

The Company effects normal reassurance arrangements in respect of the larger mortality risks (currently those in excess of £50,000).

Basic Guidelines.—The new management adopted certain guidelines which have made the Company significantly different from a conventional life assurance company.

The basic guideline was that possible conflicts of interest between policyholders and shareholders and between successive generations of policyholders could be reduced by concentrating on unit-linked policies. Under unit-linked policies a predetermined and contractually specified proportion of the premium is allocated to Units in the appropriate Unit Funds. The Company retains the balance of the premium income and receives periodical management charges, out of which it provides for its expenses and the mortality cost, the remainder being for the benefit of shareholders. Since there are no with-profits policyholders there is no division of profits as such between policyholders and shareholders.

Conventional life assurance policies contain obligations to pay fixed or minimum monetary amounts at future dates. These obligations effectively demand a minimum level of investment performance and in practice require a life office to invest, for long-term matching purposes, a substantial proportion of its funds in fixed interest investments. The Directors consider that in a world of continuing inflation such monetary guarantees are of limited value to policyholders and may actually be detrimental to their interests by reason of the restrictions which they effectively impose on the investment of funds. The Company's unit-linked policies therefore generally avoid guarantees of a kind which could inhibit the investment management of the Unit Funds. This has the incidental result that the flow of actuarial surplus attributable to shareholders is not materially affected by a need to build up significant reserves to deal with possible fluctuations in the values of the Unit Funds.

The inclusion of these guarantees in conventional policies is a major factor in the actuarial reserves which have to be set up and this is the main element of the significant actuarial loss (or "strain") which a conventional life office tends to suffer during the early years of a regular premium policy. The absence of these guarantees significantly reduces the strain suffered by the Company on new policies and results in actuarial surplus emerging earlier than would otherwise be the case.

Year-by-Year Sales Development.—The Company's main objective has been to build up its regular premium inflow (referred to below as annual premium business) for two reasons. First, annual premium policies represent the most dependable type of new business because they are in regular demand. Secondly, the renewal premiums provide a continuing and cumulative contribution towards covering expenses and to actuarial surplus. At the same time the Directors have successfully taken advantage of appropriate opportunities to *market single premium policies, although their sales tend to fluctuate sharply.*

The following table analyses the new business written by the Company and the premiums received in the five years ended 31st December, 1975:—

Year ended 31st December	NEW BUSINESS					PREMIUMS RECEIVED (net of reassurance)	
	New Annual Premiums £m	Single Premium Bonds £m	Guaranteed Income Bonds £m	Other Single Premiums £m	*Percentage Annual Premium Business	Total Annual Premiums £m	Total of all Premiums £m
1971	1.6	25.7	—	—	52%	1.1	26.8
1972	5.5	103.3	0.4	—	42%	6.3	110.0
1973	8.0	93.5	13.9	—	50%	13.6	121.0
1974	11.7	30.4	23.1	2.6	75%	22.1	78.2
1975	19.0	16.9	—	7.6	91%	39.9	64.3

Notes:—
1. The above table excludes HPAL.
*2. "Percentage Annual Premium Business" means the estimated percentage of the Company's total new business, measured by initial commissions payable on that business, represented by annual premium business. The Company uses initial commissions as a measure of the relative importance of different classes of business because, broadly speaking, the overhead expense and profit margins built into the various policies are proportionate to the initial commissions payable.
3. Gross reassurance premiums of £391,000 were paid in the year ended 31st December, 1975.
4. In accordance with the procedure adopted at 31st December, 1975, new annual premiums for 1975 and 1974 have been restated to include certain new annual premiums in the year when applications were received, although the policies were not formally issued during those years.

During 1972 and 1973, although the Company enjoyed strong growth in new annual premiums, the overall sales results were dominated by large sales of single premium bonds, which were in part the result of the abnormally high liquidity in the economy at the time. These sales came at a favourable stage in the Company's financial development, since they produced sufficient actuarial surplus to offset strain on the annual premium business and to leave actuarial surpluses in the Life Fund.

1974, which was a year of crisis for the United Kingdom economy and for the investment and financial markets generally, saw a distinct change in the pattern of business. Annual premium business continued to expand at a satisfactory rate, but there was a sharp fall in sales of single premium bonds, which was only partly compensated for by an increase in the (less profitable) guaranteed income bond business, which is described later. Overall, single premium business, which had represented 50 per cent. of total new business in 1973 (measured by initial commissions), fell to 25 per cent. of new business in 1974.

1975 saw a sharp increase in new annual premiums, with a further decrease in single premiums, so that (measured by initial commissions) single premiums accounted for only 9 per cent. of total new business.

As shown in the table above, the most significant feature of sales development has been the strong growth year by year in new annual premium business.

Guaranteed Income Bonds.—Apart from a small issue in November and December, 1972, the Company kept out of the Guaranteed Income Bond market during most of the period in which such Bonds were being widely sold because the Directors considered that, on the basis on which they were being offered, the guaranteed early surrender values made it difficult to invest in assets which matched both the maturity and the early surrender obligations.

However, in October, 1973 the Company broke new ground by offering six-year Guaranteed Income Bonds under which the early surrender values were linked to the market value of gilt-edged securities of matching term. This made it possible for the Company to insulate itself from any investment risk, whether bondholders held their bonds to maturity or encashed them early. Some £23m of single premiums were received in respect of this class of Bond, of which only a small proportion has been surrendered to date.

In February and March, 1974 the Company also offered two-year Guaran[teed Income] Bonds on terms that precluded early surrender. Some £14m was received in resp[ect of] premium Bonds of this class and the money was invested in matching two-year [...] Loans. All Bonds of this class have now been redeemed.

Sources of Business.—The Company's policies are sold through two main sources, [...] and insurance brokers.

The Company's policy is to grant agencies only to persons or firms who ar[e in] the insurance business. This avoids the expense of maintaining a large force of i[...] service part-time agents (who normally receive full commissions) and at the sam[e time] to ensure that applicants for policies have received competent advice. A varying minor, proportion of the business has come from newspaper advertising of sin[gle] policies.

The sales force, which is remunerated on a commission basis, operated a[...] 1976 from 74 branch offices throughout the United Kingdom and consisted of 121 branch management (who are employees of the Company) and some 1,400 Sales [...] The Sales Associates are independent contractors and not employees of the C[ompany] in general they do not place with any other office life assurance business of the cl[ass] by the Company. The percentage of the Company's total new business accrui[ng from] various sources has varied from year to year but 65 per cent. of total business for th[e] and 63 per cent. of business for the first six months of 1976 (in each case measu[red by] commissions) was produced by the sales force.

The Broker Department, operating from premises in 9 cities, offers a serv[ice to] 2,000 insurance brokers throughout the United Kingdom. It has a sales staff of on[e] concentrating on full-time brokers and through the use of computer terminals fo[r] it is able to provide a highly efficient service.

In February, 1976 the Company became a member of the Life Offices [...] With effect from 1st January, 1977 the Company will be fully bound by the agreements of that Association in respect of business received from insurar[nce] The Directors believe that this will not adversely affect the amount of busines[s] Company can expect to receive.

Investments.—All the Company's investments are available to support its liabilitie[s] a substantial proportion of these investments is allocated to the Unit Funds, char[...] values do not materially affect shareholders' interests, apart from the level o[f] management charges received by the Company.

The investments not allocated to the Unit Funds are held to meet liabili[ties under] unit-linked policies or represent the actuarial surplus retained in the Life Fund and sl[...] interests. Similar considerations apply to HPAL, which has virtually no unit-linke[d ...]

The Group's investments at 31st December, 1975, as shown by the A[...] Report, were as follows:—

Type of Investment	Total £000	Investments allocated to Unit Funds £000	Othe[r]
Fixed interest and deposits	149,719	76,189	
Quoted equities and authorised unit trusts	122,119	122,115	
Freehold and leasehold land and property	51,238	48,802	
	323,076	247,106	

Investment Management.—A Committee drawn from the full-time Directors [has] responsibility for the investment of the Company's funds. It acts on the advice of t[he invest]ment panels, one in respect of the Managed and Equity Unit Funds and the othe[r] of the Property Unit Funds. The Managed and Equity Funds Panel consists of M[r. ...] (Chairman of the Allied Hambro Unit Trust Group), Mr. Hill-Wood (a Director c[...] Bank responsible for its investment department) and Mr. C. G. Morley (Investment C[...] as well as Mr. Weinberg and Mr. Lipworth. The Property Panel, consisting of Mr. [...] (Partner, Fuller, Horsey, Sons & Cassell, Surveyors and Valuers), Mr. J. N. C. [...] trustee of the Grosvenor Estate) and Mr. Morley, works closely in conjunctio[n with Mr.] Lipworth, the Property Director, and with Berkeley Hambro Property Company L[imited] associated company of Hambros Limited), which is retained as property investme[nt] and adviser. The detailed investment management of these Funds is described b[elow].

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...thorised unit trusts in which part of the Unit Funds is invested are managed by ...ers Trusts Limited and by Hambros Unit Trust Managers Limited, both of which ...es of Hambros Limited. These companies also manage the Company's quoted ...ments. Under the contract (Contract No. (2) below) for the provision of these services the investments in the unit trusts are free of the managers' initial and ...es (excluding trustees' fees), but the Company is charged a quarterly investment ...per cent. of the value of its unit trust and quoted equity investments. During 1975 ...unted to £107,382, which was borne by the Company and not charged to the ...

...ompany's freehold and leasehold properties held for the Property Unit Funds are Berkeley Hambro Property Company Limited under Contract No. (3) below, managers are paid an annual management charge of 2½ per cent. of gross rentals ...ngdom properties and 5 per cent. of gross rentals of Continental properties ...ng the year and 1 per cent. of the prices, exclusive of stamp duty and legal costs, ...perties are purchased or sold. These fees are charged to the respective Unit ...uring 1975 totalled £71,926 in respect of rentals collected and £106,409 in ...quisitions and sales. Jones, Lang, Wootton of London and of Jersey respectively ...ndent valuers of the United Kingdom and the Continental properties.

...s.—HPAL, formerly named Unitholders Provident Assurance Limited, is a ...om life assurance company. 87½ per cent. of its issued share capital was acquired ..., 1973 and the balance from Hellenic & General Trust Limited (a subsidiary of ...ited) in November, 1975. HPAL constituted an asset of the Life Fund (not ...any Unit Fund) until 6th July, 1976, when it was transferred to Shareholders' ...ectors' valuation equivalent to book value of £2,505,000 in exchange for British securities.

...he change in its control HPAL conducted the following main types of business: ...ng of loans repayable out of the proceeds of endowment policies issued by it ...by first charges, usually over commercial property but in a relatively few cases ...al property or shares; (ii) the granting of annuities to the elderly in consideration ...ges over house property ("home income plans"); and (iii) the issue of guaranteed ...s. Since the change in its control HPAL's business has been restricted to the ...oans secured by first mortgages on commercial property, repayable out of the endowment policies issued by it, and to a continuation of the home income ...of guaranteed income bonds ceased shortly thereafter but at 30th June, 1976 ...face value of £13,886,000 remained in force. HPAL's policies are now marketed ...Company's sales force and the Broker Department.

...1974 and 1975 HPAL's new business consisted of single premiums of ...nd £3,078,000 and new annual premiums of £81,000 and £121,000 respectively. ...premium income for those years was £3,303,000 and £3,766,000 respectively. ...mber, 1975 HPAL's long-term assurance fund amounted to £25,237,000.

...4, as a result of the adverse economic conditions, HPAL, in common with many ...tional life offices, made a substantial write-down of its investments which caused ...eficit. For the year 1975 there was an actuarial surplus, even after strengthening ...arial reserves in anticipation of the possible effect of new Regulations on the ...liabilities under the Insurance Companies Act 1974 (see below). HPAL is ...be soundly based and is operating successfully and the Directors are of the ...the value of HPAL is fairly reflected in the book value.

...er wholly-owned subsidiary is Hambro Life Publications Limited, which produces ...Tax Guide", an annual tax handbook sponsored by the Company.

...ily other subsidiaries calling for particular mention have been formed solely for ...of owning properties in France and Germany held for one of the Property Unit ...foreign currency borrowings referred to under "Indebtedness" above were ...onnection with the purchase of these properties and any fluctuations in currency ...ke fluctuations in the values of these properties, for account of the relevant ...

Management, Staff and Administration.—The Company's day-to-day ...is under the control of an Executive Committee, consisting of the Managing ...5 other full-time Directors, the 3 full-time Executive Directors (who are not ...the Board) and the Vice-Chairman, all of whom have been with the Company ...nge of control or shortly thereafter.

...anaging Director, Mr. M. A. Weinberg, who is 44, was responsible for the forma-...elopment over a 9-year period of Abbey Life Assurance Company Limited, which ...nagement and that of 6 of the other Directors of the Company (Mr. W. D. Dane, ...Mr. J. G. Joffe, Mr. M. S. Lipworth, Mr. T. A. P. Walker and Professor G. S. A. ...grew into a substantial life assurance company. Mr. Dane (41), the Marketing ...been in life assurance sales management for 13 years. Mr. Ford (42), the Actuary ...Director, has been in the life assurance business for 24 years, qualifying as a ...e Institute of Actuaries in 1965. Mr. Joffe (44), Administrative Director and ...cretary, practised law in South Africa for 10 years and has for the past 11 years ...d in the administration of life assurance business in the United Kingdom. Mr. ...), Legal and Property Director, practised as a barrister in South Africa for 8 years, ...st 7 of which he was a non-executive director of a life assurance company, ...n in senior management in the life assurance business in the United Kingdom ...3½ years. Mr. M. S. Wilson (32), Broker Director, was promoted to this position ...1976, having been engaged in marketing life assurance through brokers for 13 ...t 5½ years as deputy to Mr. Walker, the former Joint Marketing Director respon-...roker Department. These Directors have all entered into Service Agreements with ...(Contracts Nos. (4)—(9) below), details of which are given under "Material ..."Statutory and General Information" below. Mr. Walker remains a Director of the ...d has entered into an Agreement (Contract No. (10) below) to act as a consultant ...ny until 30th June, 1978.

...ompany has also entered into an Agreement (Contract No. (11) below) under ...ys the benefit of the advice and services of Professor G. S. A. Wheatcroft (70), a ...taxation authority and the Vice-Chairman of the Company.

...ecutive Directors referred to above are Mr. M. T. Naunton (42), Deputy Sales ...G. Westall (36), Deputy Actuary, and Mr. A. R. Young (38), Deputy Administra-...

...xt tier of management consists of 13 Area and Assistant Directors, who are also not ...the Board. Mr. D. J. Boulton, Mr. D. J. Fitch, Mr. D. D. Jones, Mr. D. F. A. Pell ...J. E. Weir-Rhodes are the Area Directors of the Sales Associate Department, ...ornick, Mr. A. McColville, Mr. M. F. Murray and Mr. R. K. Shakeshaft are the ...s of the Broker Department. Mr. P. J. Da Costa, Mr. B. E. Graham, Mr. A. A. Khan ...Leitch are the Assistant Directors of the Administrative Department.

...tal number of persons currently employed by the Group is some 860, including ...paid branch management; this total excludes the Sales Associates, who are not ...

...ing the change of control the Company, being effectively a new organisation, ...n the outset to install efficient computer-based administrative systems designed ...large volumes of business. These systems have operated smoothly and without ...which can be experienced in "computerisation". The Directors believe that the ...s built up a reputation for efficiency in the speed and quality of the administrative ...ded to its policyholders.

...**nd Share Incentive Schemes.**—The Company operates pension and life ...chemes to which all employees, including the full-time Directors, belong. The ...loyees' pension scheme is non-contributory but a separate pension plan for sales ...management provides for contributions from commission-earnings. In addition, ...ce plan operates for members of the sales force. Employees and Sales Associates are ...Ordinary Shares of the Company as a result of share incentive schemes. A Share ...me for employees and Sales Associates was established on 9th July, 1976 and ...emented at such times as the Directors consider appropriate (see "Share Incentive ...chemes" under "Statutory and General Information" below).

...n Swindon, the Company occupies three buildings: Hambro Life House, an ...ng with a usable floor space of some 80,000 sq. ft. held on a lease with 97 years ...nd housing the major part of its central administration; Falcon House, another ...ng, with a usable floor space of some 48,000 sq. ft. (of which some 16,000 sq. ft. ...ily sub-let) held on a lease with 23 years unexpired and housing the computer ...and a third building held on a lease with 18 years unexpired with a usable floor ...e 21,000 sq. ft., of which some 2,000 sq. ft. is used for offices and the remainder ...e's printing operations and general warehousing. The Group occupies a small ...hold offices of some 8,500 sq. ft. in London as its head office and at 30th June, ...cupied 87 branch and area offices throughout the United Kingdom. The aggre-...nt annual rental payable in respect of all the Group's premises is £530,000.

...**nd Profits**

...*n of Actuarial Surpluses.*—The Life Fund represents that portion of the Company's ...s able to cover future benefits to policyholders. As at the end of each year, the ...Actuary appointed pursuant to the Insurance Companies Act 1974 ("the Actuary") ...n actuarial valuation of the Company's net liability to policyholders, the resulting ...called the "actuarial reserve".

...pect of non-linked policies, the actuarial valuation is carried out by discounting ...d future liabilities and the future premiums receivable on the policies at appro-...of interest having regard to the returns which can be expected on the Com-...tments over the respective periods; the actuarial reserve on those policies is the ...e present value of the liabilities over the present value of the premiums, after ...estimated future mortality and expenses. The rates of interest used and the ...ture mortality and expenses assumed are known as the "actuarial bases" on ...serve is calculated. The selection of the appropriate actuarial bases is made by ...at each valuation date in the light of the then existing circumstances.

...case of linked policies, the actuarial reserve is calculated in two parts. First ...unit element of the reserve, which is matched by Units forming part of the Unit ...ondly, there is the non-unit element, covering estimated future mortality, other ...benefits and expenses, which is calculated on the same principles as apply to ...policies. The sum of the unit and non-unit elements represents the actuarial ...spect of a unit-linked policy.

...xcess of the Life Fund over the actuarial reserve is known as the actuarial surplus ...Fund. The Directors with the advice of the Actuary make transfers of actuarial ...n the Life Fund to profit and loss account and the amounts transferred become ...utable to shareholders. Taxation is normally assessed on the Company's invest-...e less its management expenses plus its annuity profits and is charged to the Life ...e extent that the charge to taxation in the Life Fund on that basis is greater than ...ch would be payable if calculated on the profits attributable to shareholders, such ...profit and loss account can be made without incurring any additional charge to ...

Actuarial Surplus.—As at 31st December, 1975 the Life Fund as shown in the ...s' Report amounted to £288,037,000 and the actuarial reserve of the Company ...n the Reporting Actuaries' Report amounted to £282,930,000, thus leaving a ...actuarial surplus retained in the Life Fund of £5,107,000. It is the Directors' ...retain the whole of that surplus in the Life Fund.

...table below shows the year-by-year increase in the Company's cumulative ...rplus before transfers to profit and loss account. Since life assurance is a long-term ...ndue emphasis should not be placed on the increase in actuarial surplus emerging ...year. These figures are reflected in the annual returns made to the D.o.T. in each of the five years to 31st December, 1975, which are public documents and in addition are *available for inspection as mentioned in "Statutory and General Information" below.* The increases in the Company's cumulative actuarial surplus, shown below, include HPAL's actuarial results since acquisition. The table also shows the amounts transferred to profit and loss account and the cumulative actuarial surplus (after transfers to profit and loss account) retained in the Life Fund.

Year ended 31st December	Increase in cumulative actuarial surplus in year (before transfers to profit and loss account) £000	Amount transferred to profit and loss account £000	Increase in cumulative actuarial surplus retained in the Life Fund £000
1971	1	—	1
1972	1,947	—	1,947
1973	3,150	—	3,150
1974	*2,035	*2,035	—
1975	3,107	3,107	—
	10,240	5,142	5,098
Cumulative actuarial surplus brought forward to 1971			9
Cumulative actuarial surplus at 31st December, 1975 retained in the Life Fund			5,107

*In accordance with the basis adopted in 1975 the surplus for 1974 has been restated to deduct expenses of £17,000 previously charged to Shareholders' Funds.

The Reporting Actuaries, as will be seen from their Report, are satisfied with the Company's actuarial reserve at 31st December, 1975 of £282,930,000 mentioned above and with the cumulative actuarial surplus of £10,240,000 emerging over the five years ended 31st December, 1975, on the assumption that the cumulative actuarial surplus brought forward to 1971 was £9,000. They consider that a generally consistent actuarial approach has been adopted from year to year in determining the figures in the above table, save for the factors mentioned and quantified in their Report.

However, as mentioned earlier, undue emphasis should not be placed on the increase in actuarial surplus emerging in any one year and this has been particularly true of the Company's formative years, during which the year-by-year emergence of surplus has been affected by a number of particular factors on which it is relevant to comment.

During 1972 and 1973 the very large sales of single premium bonds produced sufficient actuarial surplus to offset any strain from the annual premium business and to leave substantial actuarial surpluses in the Life Fund. Moreover, in accordance with generally accepted actuarial methods no account was taken in 1971 and 1972 of the tax relief which would accrue in the future as the result of the excess of management expenses over investment income in those years and part of such tax relief amounting to £400,000 benefited the actuarial surplus in 1973. As it was expected that the remaining part of this tax relief would shortly flow into the actuarial surplus, the Directors decided in 1973 to put considerable resources into the Company's branch development (which had been held back in 1971 and 1972) and into the expansion of the Company's sales training facilities, as steps designed to secure future growth.

In the testing year of 1974 several factors affected the actuarial surplus for the year. There was a continuing growth of annual premium business, which produced some new business strain, while single premium bond sales were sharply reduced and made a much smaller contribution to the actuarial surplus. Expenses increased considerably as a result of the branch expansion undertaken during the previous year. HPAL made a provision for bad debts of which £831,000 was attributable to the Company's interest. Finally, the Company made a provision of £374,000 for its share of the life assurance industry rescue operations. On the other hand, the tax relief from the unrelieved management expenses of earlier years, amounting to some £1,400,000, emerged as expected as part of the 1974 actuarial surplus.

In 1975 there was a sharp increase in annual premiums and, despite the further decrease in single premiums, there was a substantial increase in the actuarial surplus. This reflected the underlying profitability of the business and the tight control of administration expenses.

Transfers to Profit and Loss Account.—Prior to 1974 actuarial surpluses were retained in the Life Fund because the Directors considered it prudent to build up the Fund in view both of the rate of development of the Company's operations and also of the fact that a transfer of the actuarial surplus to shareholders' reserves would have given rise to additional taxation. Since 1974 the Directors have adopted a policy of transferring to profit and loss account each year an amount representing the actuarial surplus in that year.

Insurance Companies Act 1974.—The Secretary of State for Trade has power to make Regulations laying down the basis on which the assets and liabilities of insurance companies are to be valued for the purpose of ensuring an adequate standard of solvency in terms of the Insurance Companies Act 1974.

The Insurance Companies (Valuation of Assets) Regulations 1976, which came into operation on 1st May, 1976, lay down a statutory basis for valuing assets and provide that for the purpose of testing solvency the value of assets representing the Life Fund may be limited or in some cases ignored altogether. These Regulations do not affect the preparation of accounts for shareholders under the Companies Acts and in the Consolidated Balance Sheet in the Accountants' Report the assets have been valued on the basis of the accounting policies stated therein. If the net assets representing the Life Fund at 31st December, 1975 had been computed having regard to the 1976 Regulations, they would have been valued at approximately £3.5 million lower than the value reflected in the Consolidated Balance Sheet but this shortfall would have been adequately covered by the actuarial surplus retained in the Life Fund at that date.

Regulations for the basis of valuation of liabilities have not yet been made, although consultations have taken place on the possible contents of the Regulations. It is believed that they would be unlikely to require a further strengthening of the valuation basis for the Group apart from the two specific contingency reserves referred to in the Reporting Actuaries' Report.

Accordingly it is expected that these present and proposed valuation Regulations would not inhibit the Company's ability to transfer future increases in actuarial surplus to profit and loss account.

Surplus and Profits Forecast and Dividends

1976 New Business.—The Company's new annual premiums for the first half of 1976 amounted to £13.8 million (£9.2 million for the corresponding period of 1975) and single premiums for the first half of 1976 were £29.4 million (£11.3 million for the corresponding period of 1975).

The sharp rise in new annual premiums includes the effect of exceptionally large sales of a particular type of policy on which, under the tax laws in force until 31st March, 1976, very low life cover and accordingly a relatively high allocation to units could be offered. This policy has now been replaced by a contract which offers significantly higher life cover, in order to comply with the new tax rules for qualifying policies, and somewhat lower investment benefits. The Directors consider that the new policy will produce substantial sales over the years.

As regards single premium business, the Directors do not consider that the sales during the first half of 1976 were materially distorted by any special factors and are of the view that the increase over the particularly low 1975 sales levels represents a normal recovery.

Forecast for the Current Year.—On the assumptions set out in "Surplus and Profits Forecast—Assumptions and Reports" under "Statutory and General Information" below and, subject *to unforeseen circumstances, the Directors forecast actuarial surpluses for the Company* and for HPAL for 1976 totalling not less than £4.8 million and on that footing transfers of that total amount to profit and loss accounts, net of tax. These transfers will reflect the policy referred to above of transferring to profit and loss account each year an amount representing the actuarial surplus for that year and in the absence of unforeseen circumstances the Directors intend to continue with this policy in future. The transfers to profit and loss account are arrived at before deducting estimated issue expenses of £390,000 payable by the Company and referred to in "Issue of New Ordinary Shares" under "Statutory and General Information" below.

Bacon & Woodrow, Consulting Actuaries, who are the Reporting Actuaries, Peat, Marwick, Mitchell & Co., Chartered Accountants, who are the Auditors of the Company and the Reporting Accountants, and Hambros Bank have reported on the relevant aspects of the above forecasts and their reports also appear in "Surplus and Profits Forecast—Assumptions and Reports" under "Statutory and General Information" below.

Dividends.—Since the Company's franked investment income is likely to exceed the amount of actuarial surplus forecast to be transferred to profit and loss account, the Company can pay dividends without paying advance corporation tax.

In respect of the Company's current financial year ending 31st December, 1976 the Directors intend to recommend dividends totalling 13.75p per Share, equivalent with the tax credits at the current rate to a gross dividend of 21.15p per Share, payable as to an interim dividend of 4.50p per Share in about December, 1976 and a final dividend of 9.25p per Share in about July, 1977. The following table illustrates the appropriation of profits:—

	£000
Forecast transfer from Life Fund net of tax	4,800
Less: Extraordinary item (estimated issue expenses)	390
	4,410
Less: Dividends totalling 13.75p per Share on issued Ordinary share capital	2,750
Leaving for retention	1,660

On the foregoing basis and at the Offer for Sale price of 235p per Share the gross dividend yield would be 9.00 per cent. and the dividend would be covered 1.74 times before the extraordinary item.

The Future.—In the Directors' view unit-linked assurance is now accepted as having a significant role in the services offered by the life assurance industry. The experience of the past 5 years shows that a life office offering a sufficiently wide range of unit-linked policies can enjoy substantial growth in its annual premium business under a wide variety of investment conditions. The Directors are confident that there is considerable scope for the continuing expansion of this market.

The Company currently obtains more unit-linked business than any other company *in the United Kingdom. This results from its ability rapidly to adapt its policy range to changing* circumstances, the strength of its marketing and the wide spread of its marketing outlets, its efficient administrative service and investment management and the Hambro name.

Although it would be unrealistic to expect the Company to continue to achieve the same rate of growth of new annual premium business as over the past 5 years, the Directors look forward over the next few years to the Company obtaining a substantial, though probably fluctuating, volume of single premium business and maintaining a rate of growth of its new annual premium business exceeding the life assurance industry average.

Reporting Actuaries' Report

The following is a copy of a Report of the Reporting Actuaries, Bacon & Woodrow, Consulting Actuaries:—

The Directors,
HAMBRO LIFE ASSURANCE LIMITED *and*
HAMBROS BANK LIMITED.

Empire House,
St. Martin's-le-Grand,
London EC1A 4ED.
15th July, 1976.

Gentlemen,

We have examined the actuarial reserves of Hambro Life Assurance Limited ("the Company") and Hambro Provident Assurance Limited ("HPAL") as shown in the published annual Returns to the Department of Trade ("the D.o.T.") as at 31st December, 1975. The actuarial bases on which those reserves have been calculated are fully set out in those Returns and include assumptions as to future interest rates, mortality and expenses. We regard those actuarial bases as reasonable and we are satisfied with the calculated results.

The comparison as at 31st December, 1975 of the actuarial reserve of the Company of £282,930,000 as shown in the D.o.T. Returns with the Life Fund of £288,037,000 as shown in the Accountants' Report included in the Offer for Sale of Ordinary Shares of the Company dated 15th July, 1976 results in a cumulative actuarial surplus at 31st December, 1975 of £5,107,000.

In order to make the above statements we have, for the purpose of matching assets to liabilities and agreeing the amount of the surplus, taken into account retrospectively the transfer of assets which took place as at 6th July, 1976 and which includes:—

(i) allocating to the Policyholders' Funds the British Government Securities previously allocated to Shareholders' Funds; and

(ii) allocating the book value, including goodwill, of HPAL to Shareholders' Funds.

The descriptions of the actuarial bases given in the Returns to the D.o.T. for 1971 to 1975 for the Company and for 1973 to 1975 for HPAL show some changes from year to year but the approach shown in those descriptions has been generally consistent, apart from two items introduced in 1975, viz:—

(a) a specific contingency reserve of £500,000 for inflation of future expenses, and

(b) a specific contingency reserve of £360,000 for the effect of changing from the current gross premium method of valuation to a net premium method.

We have not checked the calculations of the reserves for the years before 1975 but for consistency we show below our estimates of the effect on the published annual surpluses of including adjustments corresponding to (a) and (b) above.

Year ended 31st December	Increase in cumulative actuarial surplus (before transfers to profit and loss account) as shown in D.o.T. Returns £000	Increase in cumulative actuarial surplus (before transfers to profit and loss account) after adjustments £000
1971	1	(9)
1972	1,947	1,597
1973	3,150	2,680
1974	*2,035	1,945
1975	3,107	3,727
	10,240	10,240

*In accordance with the bases adopted in 1975 the surplus for 1974 has been restated to deduct expenses of £17,000 previously charged to Shareholders' Funds.

These adjustments do not alter the cumulative actuarial surplus as at 31st December, 1975 of £5,107,000 after transfers to profit and loss account.

The actuarial surplus or deficiency of HPAL since acquisition is reflected in the increase in the cumulative actuarial surplus of the Company.

Yours faithfully,
BACON & WOODROW,
Consulting Actuaries.

Accountants' Report

The following is a copy of a Report of the Auditors of the Company and Reporting Accountants, Peat, Marwick, Mitchell & Co., Chartered Accountants:—

The Directors,
HAMBRO LIFE ASSURANCE LIMITED *and*
HAMBROS BANK LIMITED.

1 Puddle Dock,
Blackfriars,
London EC4V 3PD.
15th July, 1976.

Gentlemen,

We have examined the audited accounts of Hambro Life Assurance Limited ("the Company") and of its subsidiary companies for the periods relevant to this report. The Company and its subsidiary companies are collectively referred to as "the Group".

The summarised profit and loss accounts, balance sheets and long-term assurance fund ("life fund") set out below are based on the audited accounts of the Group, which were drawn up in the manner authorised for an insurance company by the Companies Acts 1948 and 1967, and are after making such adjustments as we consider appropriate. Amounts relating to subsidiary companies have been included from the date of their incorporation or the date of their acquisition, if later. Acquisitions in all cases were for a cash consideration.

No audited accounts of the Company or any of its subsidiary companies have been made up in respect of any period subsequent to 31st December, 1975.

PROFIT AND LOSS ACCOUNT

It is the Company's practice for the Directors, with the advice of the Actuary, to determine the proportion of the actuarial surplus to be transferred net of tax to profit and loss account from the life fund. No transfers were made to the profit and loss account in the three years ended 31st December, 1973.

The profit and loss account, arrived at on the foregoing basis, is as follows:—

	Notes	Years ended 31st December 1974 £000	1975 £000
Transfer from life fund, net of tax	2 (i)	2,035	3,107
Dividends	3	1,047	1,958
Retained earnings		988	1,149
Balance at beginning of year		—	988
Balance at end of year		988	2,137

BALANCE SHEETS

	Notes	THE GROUP 31st December 1970 £000	1971 £000	1972 £000	1973 £000	1974 £000	1975 £000	THE COMPANY 31st December 1975 £000
INVESTMENTS at cost or valuation	2 (iii)							
Quoted equities		—	113	1,172	1,595	1,028	13,363	13,360
Convertible loan stocks		—	—	38	55	333	558	448
Unit trusts		—	11,427	76,181	88,662	57,499	108,756	108,714
British Government securities		—	2,260	—	19,556	21,188	36,153	36,153
Other quoted securities		—	—	—	—	2,919	2,962	—
Unquoted securities		—	—	—	35	—	—	—
Local authority loans		—	—	—	—	21,550	21,523	21,523
Freehold land and property		—	2,612	8,966	21,885	20,983	28,287	21,022
Leasehold land and property		—	1,625	2,873	21,158	20,424	22,951	22,951
Mortgages		72	59	39	14,654	17,498	21,231	866
Unsecured loans		—	3	42	117	145	146	146
Sterling certificates of deposit		—	—	—	—	10,603	6,132	4,633
Interest bearing deposits	4 (i)	—	6,849	43,802	77,249	68,166	61,014	60,494
		72	24,968	133,113	244,966	242,336	323,076	290,310
GOODWILL ARISING ON CONSOLIDATION	1	—	—	—	1,367	1,367	1,624	—
SUBSIDIARY COMPANIES	4 (ii)	—	—	—	—	—	—	3,070
FURNITURE, FIXTURES AND EQUIPMENT, at cost less depreciation		21	242	458	760	1,207	935	931
OTHER ASSETS								
Agents balances	2 (viii)	—	361	396	496	853	1,098	1,098
Taxation recoverable		—	7	195	432	1,757	2,000	1,491
Income accrued		—	121	1,133	1,929	4,640	4,502	4,304
Debtors	4 (iii)	3	138	169	994	1,344	1,817	1,392
Bank balances and cash		20	1,633	1,949	334	304	695	536
		23	2,265	3,842	4,245	8,898	10,112	8,811
TOTAL ASSETS		116	27,475	137,413	251,338	253,808	335,747	303,122
Deduct: LIABILITIES								
Bank loans from fellow subsidiary	4 (iv)	—	—	—	2,562	3,840	2,941	2,941
Other bank loans and overdrafts		27	—	—	2,870	4,404	6,818	—
Agents balances		—	203	545	494	267	445	445
Current taxation		—	—	—	187	189	1,083	1,060
Premiums paid in advance		—	197	557	422	2,153	674	655
Claims intimated and not paid		—	26	236	697	892	1,664	1,595
Creditors		9	417	568	1,462	1,725	1,909	1,425
Proposed dividends		—	—	—	—	1,047	1,958	1,958
		36	843	1,906	8,694	14,517	17,492	10,079
DEFERRED TAXATION	2 (ix)	—	—	—	—	450	1,800	1,800
MINORITY INTERESTS		—	—	—	126	52	—	—
LIFE FUND	5	18	25,620	134,464	241,449	236,732	313,249	288,037
SHAREHOLDERS' INTERESTS		62	1,012	1,043	1,069	2,057	3,206	3,206
Deduct: PREFERENCE SHARES	4 (v)	—	900	900	900	900	900	900
ORDINARY SHAREHOLDERS' INTERESTS		62	112	143	169	1,157	2,306	2,306
Represented by:								
ORDINARY SHARES	4 (v)	62	94	97	100	100	100	100
SHARE PREMIUM ACCOUNT	4 (v)	—	18	46	69	69	69	69
PROFIT AND LOSS ACCOUNT		—	—	—	—	988	2,137	2,137
ISSUED ORDINARY SHARE CAPITAL AND RESERVES		62	112	143	169	1,157	2,306	2,306

CONSOLIDATED LIFE FUND

	Notes	Years ended 31st December 1971 £000	1972 £000	1973 £000	1974 £000	1975 £000
Fund at the beginning of the year		18	25,620	134,464	241,449	236,732
Premiums net of reassurances	2 (ii)					
Single premium life contracts		25,672	103,328	93,507	30,383	16,878
Annual premium life contracts		537	2,770	6,761	11,149	16,211
Single premium annuities		—	395	13,884	28,338	10,618
Annual premium annuities		620	3,536	6,817	11,646	24,429
		26,829	110,029	120,969	81,516	68,136
Interest, dividends and rents		258	3,056	11,260	24,828	25,624
Increase/(decrease) in value of investments		1,206	7,042	(21,654)	(51,449)	47,633
		28,293	120,127	110,575	54,895	141,293
Deduct:						
Claims	2 (v)					
Annuities		—	—	35	4,380	6,935
Deaths		33	593	2,098	3,122	4,336
Surrenders		174	2,214	13,059	32,943	27,834
Maturities		1	1	4	19	475
		208	2,808	15,196	40,464	39,580
Fixed account loans to policyholders	6	—	437	1,695	2,110	1,677
Commissions		1,022	4,547	6,760	5,678	7,543
Management expenses	7	1,461	3,191	5,177	8,314	9,447
Taxation	7	—	—	—	1,011	3,422
Transfer to profit and loss account	2 (i)	—	—	—	2,035	3,107
		2,691	11,283	28,828	59,612	64,776
		25,620	134,464	216,211	236,732	313,249
Fund of subsidiary at the date of acquisition		—	—	25,238	—	—
Fund at the end of the year	5	25,620	134,464	241,449	236,732	313,249

NOTES:—

1. BASIS OF CONSOLIDATION

The consolidated accounts incorporate accounts of all subsidiaries made up to 31st December in each year. Goodwill represents the excess of cost of the shares, less amount written off, over the book value of net tangible assets at the date of acquisition of Hambro Provident Assurance Limited ("the life assurance subsidiary"). Results of companies acquired are incorporated in the accounts from the date of their acquisition.

2. ACCOUNTING POLICIES

The principal accounting policies of the Group which have been applied consistently in the foregoing summaries throughout the years under review are:—

(i) *Profit and loss account*
It is the Company's practice to prepare an actuarial valuation annually. The directors, with the advice of the Actuary, determine the proportion of the actuarial surplus to be transferred net of tax to profit and loss account.

(ii) *Premiums*
Premiums net of reassurance in the consolidated life fund include amounts received in respect of applications for certain policies which had not been formally accepted by the Company; the Company's liability under the conditions of these policies is calculated from the date the Company receives the premium.
Premiums due but not received are not included in the accounts.

(iii) *Valuation of investments*
Quoted equities and convertible loan stocks of the Company are valued at the lowest offered dealing quotation.
The unit trust holdings of the Company are managed by Allied Investors Trusts Limited and by Hambros Unit Trust Managers Limited, both of which are fellow subsidiaries of the Company. An annual charge is paid by the Company for the management of the funds invested and special arrangements have been made for the Company to invest in the unit trusts free of the managers' initial and annual charges (excluding trustees' fees). Holdings are valued at the price at which the Company would have been able to purchase the units at the commencement of dealing immediately after the year-end. The unit trust holdings of the life assurance subsidiary are valued at bid price.
British Government securities are valued at middle market quotation at the year-end.
Quoted securities of the life assurance subsidiary are valued at middle market quotation.
Unquoted securities of the life assurance subsidiary are stated at the valuation of that company's directors.
Local authority loans are stated at cost.
Freehold and leasehold properties are valued at the open market value by independent valuers. The valuations at 31st December, 1975 were carried out by Jones, Lang, Wootton.
Mortgages are stated at the directors' estimate of assignable value.
Unsecured loans are stated at cost, less amounts written off.
Sterling certificates of deposit are stated at market value.
Interest-bearing deposits are stated at cost.

(iv) *Subsidiary companies*
Shares in subsidiary companies are valued at cost, less amount written off at date of acquisition, adjusted for the increase or decrease in their underlying net assets since the date of acquisition.

(v) *Claims*
Only claims notified by 31st December in each year are included in the accounts.

(vi) *Rates of exchange*
Assets and liabilities in foreign currencies, all of which relate to the Hambro Property Fund (one of the Company's unit-linked funds), have been converted at the rates of exchange ruling at the balance sheet date. Surpluses and deficits arising on conversion are included in the life fund.

(vii) *Investment income and expenses of management*
Income from all investments is credited to the life fund and is grossed up to include the relevant tax credits or income tax deducted at source. All expenses of management are charged in the life fund.

(viii) *Agents balances*
Agents balances include amounts advanced to agents by way of financing loans, which are recoverable from commissions still to be credited to the agents in respect of existing and future business. Provisions have been made against estimated irrecoverable amounts.

(ix) *Taxation*
The Company is liable to United Kingdom corporation tax on the basis applicable to a life assurance company and all provisions for taxation are made in the life fund.
Provision is made for deferred taxation at the relevant rates ruling at the balance sheet date to allow for the effect of timing differences between the treatment for tax purposes and accounts purposes of income and expenditure and, where appropriate, for taxation which would arise if the investments were disposed of at their balance sheet values at the year-end. For this purpose, no account is taken of unrealised appreciation or depreciation of investments, the disposal of which would give rise only to taxation which could be treated as a deduction from policyholders' funds in accordance with the relevant policy provisions, and for which appropriate allowance is made by the Actuary in his valuation of the liabilities of the life fund.

Advance Corporation Tax estimated to be recoverable is deducted from the deferred tax account.

3. PROFIT AND LOSS ACCOUNT

Dividends have been paid as follows:—

	1974 Per share	1974 £000	1975 Per share	1975 £000
On Preference Shares	5.6p	51	5.6p	51
On Ordinary Shares	£1	996	£2	1,907*
		1,047		1,958

*After taking into account waivers totalling £85,000 by certain of the directors.
No dividends were paid in respect of any period prior to 1974.

4. BALANCE SHEETS

(i) *Interest-bearing deposits*
Interest-bearing deposits at 31st December, 1975 include the following amounts deposited with two fellow subsidiaries, Hambros Bank Limited and Hambros (Guernsey) Limited, which act as bankers to the Company and certain subsidiaries:—

	£000
The Group	1,699
The Company	1,698

(ii) *Subsidiary companies*
The investment in subsidiaries, all of which are wholly owned, at 31st December, 1975 is as follows:—

	£000
Cost of shares in subsidiary companies, less amounts written off (Note 2(iv))	3,218
Amounts due from subsidiaries	177
	3,395
Amounts due to subsidiaries	325
	3,070

(iii) *Debtors*
Debtors at 31st December, 1975 include loans of £24,000 made to trustees to enable them to purchase shares in the Company on behalf of employees in accordance with the terms of the Company's Employees' Share Incentive Scheme and £242,000 due in respect of French value added tax not repayable within twelve months relating to Continental properties acquired on behalf of the Hambro Property Fund.

(iv) *Bank loans from fellow subsidiary*
Bank loans from fellow subsidiary, Hambros Bank Limited, which include accrued interest, are repayable at varying dates up to January, 1979, and are used to finance the purchase of Continental properties acquired on behalf of the Hambro Property Fund.

(v) *Share capital*
At 31st December, 1975:—
Authorised:—

900,000 8 per cent. (now 5.6 per cent. plus tax credit) Redeemable Non-Cumulative Preference Shares of £1 each	£900,000
1,050,000 Ordinary Shares of 10p each	105,000
	£1,005,000
Issued and fully paid:—	
900,000 Preference Shares of £1 each	£900,000
996,300 Ordinary Shares of 10p each	99,630
	£999,630

Movements in issued share capital:—

	Preference Shares £	Ordinary Shares £
1970 At 31st December	900,000	62,300
1971 Issue for cash	—	31,700
1972 Issue for cash	—	3,070
1973 Issue for cash	—	2,560
	£900,000	£99,630

On 9th July, 1976 the Company issued £370 of Ordinary share capital for cash at par.
The share premium account arose entirely on the issue of Ordinary Shares.
The Company has the right to redeem the whole or any part of the Preference Shares at par giving notice to the holders of these Shares.

5. LIFE FUND

A valuation of the actuarial reserves of the Company and the life assurance subsidiary is carried out by the Company's Actuary and details of these valuations are contained in the annual Returns to the Department of Trade. The actuarial reserves at 31st December, 1975 are also the subject of a report dated 15th July, 1976 to the Directors of the Company and Hambros Bank Limited by Bacon & Woodrow.

6. FIXED-ACCOUNT LOANS TO POLICYHOLDERS

These are interest-free loans granted on the security of certain single premium policies of the Company under arrangements whereby part of the liabilities under these policies, equal to the amount outstanding, is fixed and no longer participates in any capital growth or income. The total of such loans at 31st December in each of the following years was:—

1971, 1972, 1973, 1974, 1975 [illegible]

The policyholder has the right to reconvert the fixed account, after repayment of the loan, bid price at that time.

7. MANAGEMENT EXPENSES AND TAXATION

	1971 £000	1972 £000	1973 £000	1974 £000
Management expenses charged in the life fund include:—				
Interest payable	3	2	5	[illegible]
Depreciation	18	63	183	[illegible]

Taxation charged in the life fund comprises:—
Deferred Taxation
Tax credits on franked investment income
Overprovision for corporation tax in previous years in the life assurance subsidiary

Interest payable is mainly in respect of loans to finance the purchase of Continental properties for the Hambro Property Fund.

8. CAPITAL COMMITMENTS

Commitments for capital expenditure at 31st December, 1975 not provided in the accounts amounted to £1,620,000, of which £1,124,000 related to the Company. These commitments were all in respect of Hambro property funds.

9. CONTINGENT LIABILITIES

At 31st December, 1975, the Company had guaranteed foreign currency borrowings of subsidiaries up to a sterling equivalent of £9,103,000, of which £8,818,000 was outstanding at that date. The contingent liabilities were in respect of properties included in the Hambro Property Fund.

Yours faithfully,
PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Statutory & General Information

1. The Company

(a) The Company was incorporated in England as a private company on 30th November, 1965 under the name of Sapphire Assurance Company Limited and on 7th January, 1971 changed its name to its present name.

(b) On 9th July, 1976 3,700 Ordinary Shares of 10p each were issued for cash at par to the Trustee of the Share Incentive Schemes mentioned below.

(c) Immediately prior to 15th July, 1976 the authorised share capital of the Company was £1,005,000, divided into 900,000 8 per cent. (now 5.6 per cent. plus tax credit) Redeemable Non-Cumulative Preference Shares of £1 each and 1,050,000 Ordinary Shares of 10p each, of which all such Preference Shares and 1,000,000 of such Ordinary Shares had been issued and were fully paid.

(d) On 15th July, 1976, conditionally on the Council of The Stock Exchange granting on or before 26th July, 1976 a listing for the Ordinary Shares of the Company issued or to be issued, the Company:—

(i) increased the authorised share capital to £6,000,000 by the creation of 19,980,000 Ordinary Shares of 25p each;

(ii) consolidated every 5 Ordinary Shares of 10p each into one Ordinary Share of 50p and sub-divided each such Share of 50p into 2 Ordinary Shares of 25p each;

(iii) altered its Memorandum of Association with regard to its objects;

(iv) was converted into a public company and adopted new Articles of Association;

(v) gave notice to, and received acceptance of short notice from, Hambros Limited as the holder of the 900,000 8 per cent. (now 5.6 per cent. plus tax credit) Redeemable Non-Cumulative Preference Shares of £1 each *to redeem such Shares at par out of the proceeds of a fresh issue of new* Ordinary Shares;

(vi) divided the £900,000 of share capital deriving from the above-mentioned redemption of Preference Shares into 3,600,000 Ordinary Shares of 25p each; and

(vii) issued 44,445 Ordinary Shares of 25p each to Hambros Bank for an aggregate cash subscription of £4,700,000.

(e) On the same date, conditionally on the Company receiving the proceeds of the above-mentioned subscription by Hambros Bank, the Company allotted credited as fully paid:—

(i) to the holders of Ordinary Shares on the register at the close of business on 14th July, 1976 a total of 17,600,000 Ordinary Shares of 25p each *by way of capitalisation of the share premium account arising on such* subscription; and

(ii) to Hambros Bank, in respect of the 44,445 Ordinary Shares subscribed as mentioned in paragraph 1 (d) (vii) above, 1,955,555 Ordinary Shares of 25p each by way of capitalisation of share premium account and profit and loss account.

(f) Save as aforesaid, there have been no alterations in the share capital of the Company within the 2 years preceding the date of this Offer for Sale.

(g) The 2,000,000 Shares subscribed by and allotted credited as fully paid to Hambros Bank as mentioned above, with a view to their being offered for sale to the public, represent 10 per cent. of the Company's issued share capital, as enlarged following the reorganisation. A holder of one Ordinary Share of 10p before the reorganisation will hold 18 Ordinary Shares of 25p each immediately following this Offer for Sale, assuming that such holder does not dispose of any Shares.

2. Subsidiaries

(a) The Company has the following operating subsidiaries (all wholly-owned private companies and except where otherwise stated incorporated in England):—

Name	*Country and Date of Incorporation*	*Paid-up Share Capital*	*Business*
Hambro Life Assurance (Nominees) Limited	15.3.1966	£100	Nominees
Hambro Life Publications Limited	21.4.1975	£100	Publishing
The Hambro Life Charitable Trust Limited	31.12.1973	(a company limited by guarantee)	Promotion of charitable purposes
Hambro Provident Assurance Limited	1.6.1964	£1,000,300	Insurance
Upal (Nominees) Limited	1.9.1971	£2	Nominees
Upal Management Limited	17.9.1975	£25	Property management
Société Continentale d'Investissement Immobilier S.A.	France 14.9.1973	F.Fr.17,600,000	Property investment
B and C Grundstücks-gesellschaft m.b.H.	West Germany *20.8.1973*	DM.600,000	Property investment

(b) Hambro Life Publications Limited has issued 100 Ordinary Shares of £1 each for cash at par fully paid to the Company and its nominees. Upal Management Limited has issued for cash at par fully paid one Management Share of £1 (which carries the right to complete control of that company until it has disposed of all the flats owned by it) to HPAL, one Ordinary Share of £1 jointly to HPAL and J. M. Selwyn and 24 Ordinary Shares of £1 each to the purchasers of flats owned by that company.

(c) Save as aforesaid, no operating company in the Group has issued any share capital since 15th July, 1974.

3. Issue of New Ordinary Shares

(a) *Issue Arrangements.*—Under Contract No. (1) below, conditionally on the Council of The Stock Exchange granting not later than 28th July, 1976 a listing for the Ordinary Shares of the Company, issued or now being issued as mentioned herein, Hambros Bank has agreed:—

(i) to subscribe in cash 44,445 new Ordinary Shares of 25p each of the Company for an aggregate subscription price of £4,700,000;

(ii) to purchase from the persons named in such Contract a total of 2,243,000 Ordinary Shares of 25p each of the Company at 227½p per Share; and

(iii) to offer the Ordinary Shares referred to in (i) and (ii) above and the 1,955,555 Ordinary Shares to be issued credited as fully paid as mentioned in paragraph 1 (e) (ii) above (representing a total of 4,243,000 Ordinary Shares) for sale to the public.

Under this Contract Hambros Bank will pay underwriting commissions of 1½ per cent. on the price at which the Shares are being offered for sale and a contribution of £36,420 towards the legal and accountancy costs incurred in connection with this Offer for Sale. The Company will pay all other expenses of or incidental to this Offer for Sale and the transactions associated therewith. The expenses payable by the Company, including a fee of £50,000 payable to Hambros Bank, are estimated to amount to £390,000, inclusive of Value Added Tax.

(b) *Proceeds of the Issue.*—2,000,000 of the Ordinary Shares now being offered for sale derive from an issue by the Company of 44,445 new Ordinary Shares which are being subscribed by Hambros Bank. The proceeds of this issue, which will amount to £3,410,000 after deduction of (i) the estimated expenses of the issue and (ii) the cost of redemption of the Redeemable Non-Cumulative Preference Shares of the *Company, will increase the Company's share capital and reserves to £6,618,000. In* the opinion of the Directors, taking account of the actuarial surplus of £5,107,000 remaining in the Life Fund, this represents an adequate base for the Company's business.

The minimum amount which, in the opinion of the Directors, is required to be raised by the proposed issue of 44,445 Ordinary Shares of 25p each for the matters specified in paragraph 4 of Part I of the Fourth Schedule to the Companies Act, 1948 is £3,410,000, made up as follows: (i) purchase price of property, nil; (ii) expenses, nil; (iii) repayment of moneys borrowed for the foregoing, nil; and (iv) working capital, £3,410,000. Save as aforesaid, no part of the proceeds of this Offer for Sale will be received by the Company and no amounts are to be provided out of such proceeds for any of the matters referred to in paragraph 4 of Part I of the Fourth Schedule to the Companies Act, 1948.

4. Disclosures of Interests

(a) In this paragraph: "HL" means Hambros Limited; "H&G" means Hellenic & General Trust Limited; "HT" means The Hambro Trust Limited; "BH" means Berkeley Hambro Property Company Limited; "AIT" means Allied Investors Trusts Limited; "HUTMS" means Hambros Unit Trust Managers Limited, "HIMS" means Hambros Investment Management Services Limited, "HBET" means Hambros Bank Executor and Trustee Company Limited; and "MIT" means Merchandise and Investment Trust Limited.

(b) All shareholding and other information given in this paragraph states the position as at 30th June, 1976, except as regards shareholdings in the Company, where the position is stated (as the context requires) either immediately before or immediately following this Offer for Sale.

(c) The following is a summary of the principal relationships between the various companies mentioned in this paragraph:—

(i) HT owns 246,120 Shares of £10 each (£2.50 paid) and 613,554 Shares of 25p each (fully paid) of HL (representing 49.945 per cent. of the voting rights in HL and 14.62 per cent. of the equity of HL).

(ii) HL owns directly or indirectly the entire issued share capitals of Hambros Bank, AIT, HUTMS, HIMS, HBET and MIT.

(iii) HL owns directly or indirectly £500,000 5 per cent. (now 3.5 per cent. plus tax credit) Cumulative Preference Stock and 8,173,820 Ordinary Shares of 10p each of H&G (representing 50 and 54.52 per cent. respectively of H&G's issued Preference and Ordinary share capital).

(iv) HL owns directly or indirectly 7,052,234 Ordinary Shares of 25p each of BH (representing 42.61 per cent. of BH's issued share capital) and H&G owns directly 205,400 Ordinary Shares of 25p each of BH (representing 1.24 per cent. of BH's issued share capital).

(d) (i) The following companies (none of which will be applying for any Shares under this Offer for Sale) are interested in and are selling Ordinary Shares of 25p each of the Company as follows:—

Company	*Shares being sold under Offer for Sale*	*Shareholding immediately following Offer for Sale*
HL	—	8,757,864
H & G	36,000	144,000
HT	18,000	54,000
MIT	1,142,120	16

The above table does not reflect the Shares being subscribed by Hambros Bank as mentioned in paragraph 3(a) above.

(ii) Hambros Investment Trust Limited, a company: (a) which is managed by HIMS; (b) in which HL's wholly-owned subsidiaries have a 5.4 per cent. equity shareholding; and (c) of which certain Directors of HL and Hambros Bank are Directors, is selling 54,000 Ordinary Shares of 25p each of the Company under this Offer for Sale and immediately following this Offer for Sale will own 264,600 such Shares.

(iii) HIMS, AIT and HUTMS advise certain pension funds, investment trusts (apart from Hambros Investment Trust Limited), unit trusts and private clients on behalf of some of which they have discretionary dealing powers and which own in aggregate 964,600 Ordinary Shares of 25p each of the Company. HBET holds 18,000 Ordinary Shares of 25p each of the Company as trustee for members of the Hambro family.

(iv) Certain companies in the Hambro Group (including H & G and *MIT) and HIT will be participating in the sub-underwriting under this Offer for* Sale and will be receiving normal sub-underwriting commissions.

(e) The numbers of Ordinary Shares of 25p each of the Company being sold by the Directors or their families or family trusts under this Offer for Sale and the interests immediately following this Offer for Sale of the Directors in Ordinary Shares of 25p each of the Company as they will appear in the register maintained under the provisions of the Companies Act 1967 will be as follows (all beneficial except where otherwise stated):—

Directors	*Shares being sold under Offer for Sale*	*Shareholding immediately following Offer for Sale*
J. O. Hambro	—	3,600
G. S. A. Wheatcroft	36,000	36,000
M. A. Weinberg	135,180 and *35,820 as trustee	612,000 and *126,000 as trustee
J. M. Clay	—	9,000
W. D. Dane	97,380	415,620
G. H. Fletcher	—	3,600
A. Ford	45,000	360,000
P. D. Hill-Wood	—	6,480
J. G. Jolfe	45,000	225,000 and 92,700 as trustee
M. S. Lipworth	72,000 and *35,820 as trustee	313,200 and *126,000 as trustee
T. A. P. Walker	9,000	184,500
R. A. Wheeler	—	5,400
M. S. Wilson	—	72,000

*These shares are held in Mr. M. A. Weinberg's charitable trust.

In addition, three Directors of the Company and members of their families are interested as beneficiaries under discretionary settlements in 364,000 Ordinary Shares of 25p each of the Company, of which 198,000 are being sold under this Offer for Sale.

(f) The Trustee of the Company's Employees' and Sales Associates' Share Schemes and Trust Fund is selling under this Offer for Sale an aggregate of 126,000 Ordinary Shares of 25p each of the Company deriving from Shares subscribed (as mentioned above) or repurchased by the Trustee from employees and Sales Associates under the rules of the Schemes.

(g) The following are other relevant interests of Directors of the Company:—

(i) J. O. Hambro is a Director of HL, HT and BH and, together with his family, is beneficially interested in 580 Shares of £10 each (£2.50 paid) and 1,160 Shares of 25p each (fully paid) of HL, 11,660 Ordinary Shares of 10p each of H & G and 100,161 Ordinary Shares of £1 each (25p paid) and 272,707 Ordinary Shares of 25p each (fully paid) of HT.

(ii) G. S. A. Wheatcroft, together with his family, is beneficially interested in 500 Shares of 25p each (fully paid) of HL and 3,300 Ordinary Shares of 25p each (fully paid) of HT.

(iii) M. A. Weinberg is a director of HL.

(iv) J. M. Clay is a Director of HL, Hambros Bank, H&G, HT, BH, HBET and MIT and, together with his family, is beneficially (except where otherwise stated) interested in 250 Shares of £10 each (£2.50 paid), 980 Shares of 25p each (fully paid) and 31,500 Shares of 25p each (2½p paid) of HL, 11,600 Ordinary Shares of 10p each (6,600 as trustee) of H&G and 6,645 Ordinary Shares of £1 each (25p paid) and 46,515 Ordinary Shares of 25p each (fully paid) of HT.

(v) G. H. Fletcher is a Director of Hambros Bank, AIT, HUTMS and HIMS and, together with his family, is beneficially interested in 54,852 Shares of 25p each (fully paid) of HL and as trustee holds 317,895 Shares of 25p each (fully paid) of HL.

(vi) P. D. Hill-Wood is a Director of Hambros Bank, BH, AIT, HUTMS, HIMS and HBET and, together with his family, is beneficially interested in 26,500 Shares of 25p each (2½p paid) of HL and 2,400 Ordinary Shares of £1 each (25p paid) and 8,800 Ordinary Shares of 25p each *(fully paid) of HT.*

(vii) J. G. Jolfe is the beneficial owner of 18,200 Ordinary Shares of 25p each (fully paid) of HT.

(viii) R. A. Wheeler is a Director of Hambros Bank, H&G and MIT and, together with his family, is beneficially interested in 26,500 Shares of 25p each (2½p paid) of HL and 2,400 Ordinary Shares of £1 each (25p paid) and 5,000 Ordinary Shares of 25p each (fully paid) of HT.

(h) The following are relevant interests of other shareholders of the Company who are Directors of companies in the Hambro Group:—

(i) C. E. A. Hambro is a Director of HL, Hambros Bank, H&G, HT, HIMS, HBET and MIT and is the beneficial owner (except where otherwise stated) of 3,600 Ordinary Shares of 25p each of the Company, 600 Shares of £10 each (£2.50 paid), 1,200 Shares of 25p each (fully paid) (as trustee) and 26,000 "A" Shares of £1 each (fully paid) of HL, 5,000 Ordinary Shares of 10p each of H&G and 357,059 Ordinary Shares of £1 each (25p paid) and 2,144,622 Ordinary Shares of 25p each (fully paid) of HT.

(ii) R. N. Hambro is a Director of Hambros Bank, HT and HBET and, together with his family, is beneficially (except where otherwise stated) interested in 20,430 Ordinary Shares of 25p each of the Company, 13,220 Shares of 25p each (fully paid) (7,232 as trustee) and 11,500 Shares of 25p each (2½p paid) of HL, 11,500 Ordinary Shares of 10p each of H&G (as trustee) and 531,737 Ordinary Shares of £1 each (25p paid) and 3,111,297 Ordinary Shares of 25p each (fully paid) (12,500 as trustee) of HT.

(iii) P. Brenan is a Director of Hambros Bank and, together with his family, is beneficially interested in 3,600 Ordinary Shares of 25p each of the Company, 3,000 shares of 25p each (fully paid) and 21,500 Shares of 25p each (2½p paid) of HL, 2,000 Ordinary Shares of 10p each of H&G, 5,000 Ordinary Shares of 25p each of BH and 3,645 Ordinary Shares of £1 each (25p paid) and 22,250 Ordinary Shares of 25p each (fully paid) of HT.

(iv) D. P. Gibbs is a Director of Hambros Bank and HIMS and, together with his family, is beneficially interested in 1,800 Ordinary Shares of 25p each of the Company and 750 Shares of 25p each (fully paid) and 5,000 Shares of 25p each (2½p paid) of HL.

(v) J. C. L. Keswick is a Director of Hambros Bank and MIT and, together with his family, is beneficially interested in 9,000 Ordinary Shares of 25p each of the Company, 88,625 Shares of 25p each (fully paid) and 11,500 Shares of 25p each (2½p paid) of HL and 750 Ordinary Shares of £1 each (25p paid) and 16,250 Ordinary Shares of 25p each (fully paid) of HT.

(vi) C. H. Sporborg is a Director of Hambros Bank, H&G and MIT and, together with his family, is beneficially interested in 4,500 Ordinary Shares of 25p each of the Company, 11,500 Shares of 25p each (2½p paid) of HL and 750 Ordinary Shares of £1 each (25p paid) and 5,250 Ordinary Shares of 25p each (fully paid) of HT and as trustee he holds 5,000 Ordinary Shares of 10p each of H&G.

(vii) B. P. Whitehouse is a Director of Hambros Bank, H&G, HIMS and MIT and, together with his family, is beneficially interested in 4,500 Ordinary Shares of 25p each of the Company, 10,000 Shares of 25p each (2½p paid) of HL, 1,500 Ordinary Shares of 10p each of H&G and 1,000 Ordinary Shares of £1 each (25p paid) and 7,000 Ordinary Shares of 25p each (fully paid) of HT.

(viii) H. G. Littlefair is a Director of AIT and HUTMS and is the beneficial owner of 1,800 Ordinary Shares of 25p each of the Company and 3,000 Shares of 25p each (2½p paid) of HL.

(ix) J. W. D. Olivier is a Director of AIT and HUTMS and is the beneficial owner of 1,800 Ordinary Shares of 25p each of the Company and 3,000 Shares of 25p each (2½p paid) of HL.

(i) Mr. C. J. Pomm, a Director of Hambros Bank, is a Director of HPAL. In addition, various Directors of Hambros Bank are Directors of BH, AIT and HUTMS and own or are interested in Shares of BH.

(j) From time to time companies in the Group pay to Hambros Bank and its subsidiaries normal bank interest and normal service fees for administrative and other services.

(k) The Directors are not aware of any shareholding other than that of HL which will represent 10 per cent. or more of the enlarged issued share capital of the Company.

(l) Following this Offer for Sale, 4,000,000 Ordinary Shares of 25p each of the Company will remain unissued and uncommitted but, except as mentioned herein, there is no present intention to issue any of the authorised but unissued share capital of the Company and without the prior approval of the Company in General Meeting: (a) no issue of Shares will be made which would effectively alter the control of the Company or the nature of its business; and (b) no material issue of Shares (other than to holders of Ordinary Shares pro rata to their existing holdings) will be made within one year from the date of this Offer for Sale.

5. Taxation.—The Directors consider that immediately following this Offer for Sale the Company will not be a close company as defined in the Income and Corporation Taxes Act 1970.

6. Surplus and Profits Forecast—Assumptions and Reports

(a) *Assumptions*

The assumptions on which the Directors of the Company have based the surplus forecast contained in "Surplus and Profits Forecast and Dividends" in "Particulars of the Group" above are as follows:—

(i) That new annual and single premium business for the second half of 1976 will follow the experience of recent months adjusted to take account of the exceptional sales of annual premium policies in the first quarter of the year and seasonal fluctuations.

(ii) That increases in salaries will be in accordance with the voluntary restraint policy and that expenses, other than salaries and those chargeable to the Unit Funds, will suffer inflation at a rate not exceeding 15 per cent. per annum.

(iii) That the mortality experience of the Group during the year will be similar to its recent experience and that the discontinuance of policies will be in line with experience over recent years.

(iv) That the approach to the actuarial valuation as at 31st December, 1976 will be consistent with that adopted as at 31st December, 1975.

(v) That the tax rates applicable to life assurance companies will remain unchanged.

(vi) That the Group will not be materially and adversely affected by any future legislation.

(vii) That investment conditions will not change drastically over the remainder of 1976.

(b) *Reports*

(i) The following is a copy of the Report of the Reporting Actuaries, Bacon & Woodrow, Consulting Actuaries:—

The Directors,
HAMBRO LIFE ASSURANCE LIMITED *and*
HAMBROS BANK LIMITED.

Empire House,
St. Martin's-le-Grand,
London EC1A 4ED.
15th July, 1976.

Gentlemen,

We have examined the forecast of actuarial surpluses for Hambro Life Assurance Limited and Hambro Provident Assurance Limited expected to arise for the current financial year ending 31st December, 1976 on the assumptions made by the Directors (for which the Directors alone are responsible). The Directors' assumptions as to mortality and discontinuance experience appear to us to be reasonable. The assumed basis of actuarial valuation as at 31st December, 1976 is consistent with the approach used at 31st December, 1975 and appears to us to be reasonable. We confirm that on the above assumptions and subject to the qualification stated above, the forecast of total actuarial surplus for the year ending 31st December, 1976 of not less than £4,600,000 contained in the Offer for Sale dated 15th July, 1976 appears to us to be reasonable.

Yours faithfully,
BACON & WOODROW,
Consulting Actuaries.

(ii) The following is a copy of the Report of the Auditors of the Company and Reporting Accountants, Peat, Marwick, Mitchell & Co., Chartered Accountants:—

The Directors,
HAMBRO LIFE ASSURANCE LIMITED *and*
HAMBROS BANK LIMITED.

1 Puddle Dock,
Blackfriars,
London EC4V 3PD.
15th July, 1976.

Gentlemen,

We have reviewed the accounting bases and calculations for the profits forecasts of Hambro Life Assurance Limited ("the Company") and of Hambro Provident Assurance Limited, for which the Directors are solely responsible, comprising transfers of actuarial surplus to profit and loss account from the long-term assurance funds and the extraordinary item for the year ending 31st December, 1976 as set out under "Surplus and Profits Forecast and Dividends" in the Offer for Sale dated 15th July, 1976.

In our opinion, the profits forecasts, so far as the accounting bases and calculations are concerned, have been properly compiled on the footing of the Directors' forecasts of actuarial surplus for 1976 and they are presented on a basis consistent with the accounting practices normally adopted by the Company and its subsidiaries.

Yours faithfully,
PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants.

(iii) The following is a copy of the Report of Hambros Bank:—

The Directors,
HAMBRO LIFE ASSURANCE LIMITED.

41 Bishopsgate,
London EC2P 2AA.
15th July, 1976.

Gentlemen,

We have discussed with you and Bacon & Woodrow the forecasts of the actuarial surpluses, and with you and Peat, Marwick, Mitchell & Co. the transfers of actuarial surplus to profit and loss account from the long-term assurance funds and the extraordinary item of Hambro Life Assurance Limited and Hambro Provident Assurance Limited for the year ending 31st December, 1976 referred to under "Surplus and Profits Forecast and Dividends" in the Offer for Sale dated 15th July, 1976. In our opinion the forecasts of the actuarial surpluses and the profits forecasts, for which you as Directors are solely responsible, have been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
HAMBROS BANK LIMITED,
D. C. CROSS,
Director.

7. Articles of Association.—The Articles of Association of the Company include provisions to the following effect:—

(a) Subject to the provisions of the Companies Act, 1948, all or any of the rights or privileges for the time being attached to any share or class of shares may be varied or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of an Extraordinary Resolution passed at a separate Meeting of the holders of the shares of the class. To every such separate Meeting the provisions of the Articles relating to General Meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be persons holding or representing by proxy one-third of the capital paid up on the issued shares of the class.

(b) Subject to any special rights, privileges or restrictions as to voting for the time being attached to any special class of shares, at any General Meeting on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by proxy or by a representative duly authorised under Section 139 of the Companies Act, 1948, not being himself a member, shall have one vote, and in case of a poll every member present in person or by proxy shall have one vote for every 25p nominal amount of Shares of any class of which he is the holder.

(c) A Director shall not be required to hold any qualification shares.

(d) The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures and other securities. The Board shall ensure that the aggregate amount for the time being outstanding in respect of moneys borrowed by the Company and/or any of its subsidiary companies (other than inter-Group borrowings) shall not at any time, without the previous sanction of the Company in General Meeting, exceed an amount equal to 25 per cent. of the aggregate amount of the long-term assurance funds of the Company and any of its subsidiaries which are carrying on long-term insurance business.

(e) The remuneration of the Directors shall from time to time be determined by the Company in General Meeting and any such remuneration shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Directors as the Board shall agree, and, failing agreement, equally. The Directors shall also be entitled to be repaid all travelling and hotel expenses incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from Board Meetings, Committee Meetings or General Meetings, or otherwise incurred while engaged on the business of the Company. If by arrangement with the other Directors any Director shall perform or render any special duties or services outside his ordinary duties as a Director, the Board may pay him special remuneration, in addition to any fees or ordinary remuneration, and such special remuneration may be by a lump sum or by way of salary, commission, participation in profits or otherwise as may be arranged, and shall be charged as part of the Company's ordinary working expenses.

(f) The Board may establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, or give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company or is allied or associated with the Company or with any such subsidiary, or who are or were at any time Directors or officers of the Company or of any such other company as aforesaid and who hold or have held any salaried employment or office in the Company or such other company, and the wives, widows, families and dependants of any such persons.

(g) A Director may be appointed by the Board to the office of Managing Director and/or any other office or place of profit under the Company (other than that of Auditor) for such period, on such terms and at such remuneration as the Board may determine.

(h) No Director or intending Director shall be disqualified by his office from contracting with the Company nor shall any such contract or any contract or arrangement entered into on behalf of the Company in which any Director is in any way directly or indirectly interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised thereby. The nature of his interest must be declared by the Director at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or at the first meeting of the Board held after the Director became so interested.

(i) Save as provided below, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum of a meeting in relation to any resolution on which he is debarred from voting.

(j) A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:—

(i) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;

(iv) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in 1 per cent. or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company;

(v) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme under which he may benefit and which has been approved by or is subject to and conditional on approval by the Board of Inland Revenue for taxation purposes.

(k) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employment with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting under paragraph (j) (iv) above) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

(l) If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the Chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned has not been fairly disclosed.

(m) The Company may by Ordinary Resolution suspend or relax the provisions summarised under paragraphs (h), (i), (j), (k) and (l) above to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.

(n) The Board may appoint any manager or other employee of the Company as an Executive, Area or Assistant Director of the Company. Such a person shall not be a Director of the Company and are not entitled to receive notice of or attend Board Meetings and shall not be entitled to attend those Meetings unless expressly invited by the Board to do so.

(o) In the event of the Company issuing any "with-profits" policies the Board shall have power to determine after consultation with the Company's Actuary the proportion of such profits to be distributed to "with-profits" policyholders and the Board may also at its sole discretion allocate an intermediate bonus to such policyholders.

The Articles of Association of the Company do not contain any provisions to exclude the operation of Section 185 of the Companies Act, 1948 and accordingly special notice will be required of any resolution appointing or approving the appointment of a Director who has attained the age of 70.

8. Share Incentive and Option Schemes

References in this paragraph to shareholdings are to holdings of Ordinary Shares of 25p each (i.e. assuming the capital reorganisation to have become unconditional).

(a) Share Incentive Schemes.—The Company has established three schemes under which Ordinary Shares of the Company have been issued (in the name of Hambro Life Assurance (Nominees) Limited as the Trustee of each scheme) for the benefit of employees or Sales Associates of the Company:—

1. Employees' Share Incentive Scheme

This Scheme was established on 12th July, 1971 and from that date until 5th June, 1975 was governed *inter alia* by the following rules:—

(i) The Group was empowered to make loans to the Trustee to enable the Trustee to allow the Trustee to subscribe for Shares of the Company ("Scheme Shares").

(ii) The Trustee was empowered to sell Scheme Shares to employees (including full-time Directors) of the Group at a price determined by the Trustee and could make loans (which loans could not exceed the price) out of the Trustee its interest-free) to employees to enable them to purchase such Shares.

(iii) The loans were not normally repayable for a period of five years.

(iv) During the period of the loans Scheme Shares were registered in the name of the Trustee as security for the loans and could be disposed of only to the Trustee.

(v) Any employee leaving the employment of the Group within the five-year period had to resell Scheme Shares to the Trustee at the original purchase price unless at least three of the five years had elapsed or the employment had terminated as a result of retirement, death or special circumstances, in which case the Trustee had discretion to allow him or his personal representatives to retain Scheme Shares so long as the loan was repaid at the end of the five-year period.

(vi) If at the end of the loan period the open market value of Scheme Shares was less than the purchase price an employee could require the Trustee to repurchase those Shares at the original purchase price.

The detailed provisions of the rules were substantially revised on 5th June, 1975 but this revision did not affect the general basis of the Scheme. The rules governing Shares already held under the Scheme. No Shares have been issued under this Scheme since that date.

2. Sales Associates' Equity Participation Scheme

This Scheme was established on 30th September, 1971 to enable Sales Associates to subscribe for Shares of the Company and to sell them to Sales Associates on deferred payment terms. It is governed by rules broadly similar to those governing the Employees' Share Incentive Scheme before its revision on 5th June, 1975.

3. Employees' Trust Fund

Under a Trust Deed dated 31st December, 1971 the Trustee acquires Ordinary Shares of the Company. The acquisition of these Shares was funded by the Company. The main purpose of the trusts established by the Trust Deed is to provide benefits for the employees of the Group.

A total of 2,375,100 Ordinary Shares have been issued to the Trustee under these Schemes. Employees and Sales Associates will become absolute owners of 714,690 of these Ordinary Shares, subject to repayment of the relevant loans, on 16th July, 1976 and to a further 1,058,400 Shares at intervals during the period to 1978. The highest number of Ordinary Shares of the Company held by or on behalf of any employee or Sales Associate pursuant to either of the Schemes is 108,000.

The Shares issued pursuant to the Schemes rank *pari passu* with the existing Ordinary Shares of the Company in all respects (including in relation to the present issue), except that so far as the Schemes are concerned the entitlements of Shares issued pursuant to the Employees' Share Incentive Scheme and Sales Associates' Equity Participation Scheme to participate in rights issues is on such terms as the Company may determine after consultation with the Auditors and the Trustee. The Directors do not intend to issue any further Shares under any of the Schemes. Shortly after this Offer for Sale 317,340 Ordinary Shares held by the Trustee of the Employees' Trust Fund or subscribed (as mentioned above) or repurchased

SPORT

Brian Brinkley, Britain's major hope in last night's swimming.

The Games go on

IT WOULD be wrong to report that the mass defection of many African and Arab countries of the anti-apartheid Olympic pressure group who on Saturday stalked out of the Games is anything but sad. Yet they were not exactly missed there and then.

It was Vasil Papageorgiou, the Grecian flag-bearer, who led his 55 compatriots into the supercharged atmosphere of the great bowl of the Olympic stadium to herald the start of the Byzantine celebrations of the three-hour opening ceremony. By custom Greece leads the way.

A minute later, the giant Olympic scoreboards flashed from "Greece" to "Allemagne" and Hans Winkler Guenther marched into the arena at the head of 437 West Germans. Very few of the 72,000 spectators realised that by jumping to "Allemagne" the scoreboards had by-passed "Algerie"—that flag-bearer Sahil Hamid and his countrymen were instead packing their bags, or that the apartheid walk-out was indeed under way.

Now the betting is that by to-morrow the political wrangling and animosity which has so far dogged the Games will be forgotten.

Although the athletics do not begin until Friday, it is possible, both in view of the African withdrawals and now that the experts have studied the flood of data of the past three weeks, to reshuffle the pack to see what it holds for Britain.

Apart from Tanzania's Filbert Bayi in the 1,500 metres, the most celebrated casualties of the African walk-out are Kenya's Mike Boit in the 800 and 1,500 metres and Uganda's John Akki-Bua in the 400 metres hurdles. Each seemed headed for gold.

With Alan Pascoe unlikely to survive the 400 metres hurdles heats, the more significant of these upheavals is Bolt's departure from the 800, where Britain's Steve Ovett, still only 20 and bursting with potential, is now thought of as the possible bronze medallist.

His main rivals are Rick Wohlhuter of the U.S., who slows the least of any world-class half-miler over the yast 200 yards, Luciano Susanj of Yugoslavia, who can be outrun but never outfoxed, and Belgium's Ivo Van Damme.

Ovett is also our man for the 1,500 metres for which New Zealand's John Walker is overwhelming favourite. Apart from Bayi and Boit, other Africans now missing are Wilson Waigwa of Kenya and Tekele Worku of Ethiopia. Ovett is not rated a medallist here but the silver could go to Eire's Eamonn Coghlan—*a Mr. Grit with tactical flair.*

With the exception of fifth-ranked Miruts Yifter of Ethiopia there is no upheaval in the 5,000 metres, where Britain's Brendan Foster is rated No. 3 behind Finland's Lasse Viren, the Munich 5,000 and 10,000 metres champion, and New Zealand's Rod Dixon. The mark against Viren is his sometimes-frail health, but Yifter's removal may help Ian Stewart, the cocky British No. 2. On most lists Stewart has been promoted to fifth.

Yifter will also be missing from the 10,000 metres, which means that Foster has firmed considerably for at least the Silver and hopefully the Gold. His main opponents are Viren, again, Frank Shorter of the U.S. (the favourite for a repeat Gold *in the marathon*), Belgium's Emile Puttemans (the world 5,000 metres record holder, who's considered sunny if soft), Portugal's Carlos Lopes and the Dutch he-man, Jos Hermens.

The two African firebrands now out of the 400 metres are Nigeria's Dele Udo and Kenya's Stephen Chepkwony. Britain's David Jenkins will be out to erase his flop in Munich—he had a cold and was squashed in the heats—and is rated No. 5. The hot-shot in this event is Cuba's Alberto Juantorena, who missed most of last year with a foot injury but has run 44.70 sec. this year to Jenkins' 45.10.

Not that times are everything. *Nineteen men have run faster* 800s than Ovett this year and 21 have clocked faster 1,500s, 13 of them under 3:38.0 compared with Ovett's 1976 best of 3:39.6. That doesn't deter the pundits, who consider Ovett capable of a dramatic time drop.

OLYMPICS 76

MICHAEL THOMPSON-NOEL REPORTS FROM MONTREAL

In the shot, Britain's Geoff *Capes is tipped for at least the* bronze and possibly the gold. What the experts at Olympic Park like most is his jollity, his cool, his ability and speed, all of which belie his 6 ft. 6 in. 311-pound bulk. They also like his consistency, his temperament and his new U.K. record of 70 feet 8¼ inches, so much so that they rate him ahead of America's Al Feuerbach and new world record holder Aleksandr Barishnikov of the Soviet Union (72 feet 2¼ inches) although just behind another American, George Woods, a two-time silver medallist.

Britain's best girl athlete, Sonia Lannaman, faces some devastating competition in the 100 and 200. But since her big breakthrough in May is ascending the ratings fast. In some quarters she is fancied for a silver in the 100 behind East Germany's Renate Stechner and for a bronze in the 200 behind Stechner, again, and West Germany's Annegret Richter.

Finally, *on some votes,* Britain's men, anchored by Jenkins and Glen Cohen, could pick up the bronze in the 4 x 400m. While our girls are tipped for the silver in their 4 x 400m. mainly on the strength of a 3:25.6 clocking last summer and the presence of Verona Elder (best ever: 51.4) and Donna Murray (51.38).

Close and Edrich Dropped

TREVOR BAILEY

AFTER THE Old Trafford debacle which gives the West Indies a 1—0 lead in the series, it was inevitable that the selectors would make some changes for the fourth Test starting on Thursday at Headingley, but whether these are the *right ones* must be open to some doubt.

They have dropped those two veterans, Edrich and Close, although it should not be forgotten that this pair produced *the only stand of* any substance in the last Test. It is easy to understand the bringing in of Willey, a young, aggressive stroke-maker from Northants, but rather more difficult to *fathom out* the reasoning behind the inclusion of the workmanlike Balderstone, a stripling of 35 and hardly renowned for his playing of pace, for his first international.

Opportunities

His career average is only around 30 and few bowlers would rate him as good as Edrich, but it must be admitted his opportunities have been restricted by his soccer commitments. Let us hope he proves an inspired choice, albeit a difficult one to enthuse over.

Both fast medium seamers, Hendrick and Selvey, have been discarded, and their places taken by Snow, Willis and Ward, all unfit for the last Test.

Snow, although old in a fast bowling sense, is still capable of devastating spells as he showed at Lord's, even if our selectors, in their wisdom, decided he was over the top two winters ago. Willis, who was in fine form against the West Indies at Edgbaston on Saturday, is an entirely logical choice, but the preference for Ward over Old, is less so and, I understand, is due to some doubt about Old's fitness. The chosen 12 does not look much of an improvement on the last side.

Final but not finale

THE HOPE that the fifth Benson and Hedges final would at last provide a match worthy of the occasion remained unfulfilled. The meeting between Kent and Worcestershire before a capacity crowd at Lords, was like its four predecessors, short on excitement, flair and quality cricket. From as early as one o'clock, a Kent victory looked the logical outcome, some of the bowling was no better than club standard, much of the batting was distinctly *limited and only the fielding* remained consistently first class.

Kent, having been put in to bat began with an effective flourish which made one question the wisdom of that decision, and proved to be the *decisive factor* in the eventual outcome. Wolmer and Johnson brought up 50 in the 15th over, during a savage assault on D'Oliveira, who shortly afterwards was forced to retire with a torn muscle, sustained when attempting to prevent overthrows.

Wolmer reached his half century with a six off Gifford and took this attractive opening partnership into three figures with a lofted drive off the same bowler. Although the current England player was eventually well caught in th edeep, Kent, 143 for 1 off 36 overs at lunch appeared well placed to achieve a total in excess of 270 and a comfortable win.

SCORES
Kent: 236 for 7
Worcs. 193

In the afternoon, their batsmen failed to take advantage of this fine *start and though 236 for 7* was the highest total in a final, it was considerably less than it should have been.

If Worcestershire were to score the runs against an attack, not only stronger than *their own,* but also supported by better fielding, it required major innings from both Turner and Khan, but neither was forthcoming. The opening pair, Turner and Ormrod, began sensibly and had reached 50, when the former was well caught behind.

After tea, Underwood, the most dangerous and economical of the bowlers, took over at the nursery end, and had Ormrod, Khan and Hemsley all well caught sweeping on the boundary, but fortunately for Worcs. supporters, D'Olivera, on one leg and with the aid of a runner arrived to give them something to cheer about. Although in pain, and any movement severely restricted, *he still managed to* smite a gallant 50, underlining yet again the big difference between the class player and the average county performer.

TREVOR BAILEY

Morning Cloud wins

DINARD, July 18.

BRITISH HOPES of success in the One Ton Cup series, to be sailed at Marseilles next month, increased this week-end as two of the *selected* British team, John McCarthy *Saracen* and David May's *Winsome Blue* took first and second place overall in the 180-mile ocean race from Cowes to Dinard.

The *success of the* One Tonners, racing in Class III, was all the more remarkable as conditions surely seemed to favour the larger though less highly tuned yachts. Sir Max Aitken's *Perseverance*, scratch yacht sailed by John Coote, took line honours completing the course in 26 hours at an average speed of better than seven knots.

The early stages of the race, from Cowes eastwards round the *Isle of Wight, was sailed* in light SW'ly winds and fortunes were, in fact, made and lost south of the island. Mr. Edward Heath's *Morning Cloud*, eventual winner in Class I led the way round Bembridge Ledge from *Contention*, the Class IV yacht sailed by George Stead, former *Morning Cloud* drewman who quit the then PM's yacht to promote his own products as a boat builder. *Contention* won Class IV and beat *Morning Cloud* in the overall results by 28 mins from corrected handicap time so *Morning Cloud's* former loss was certainly Stead's present gain.

South of the Isle of Wight, in moderate westerlies the inshore ploy against the tide *obviously paid but it was here* that Bobbie Brand, navigating the St. Helier-based one tonner *Karena* confused the masses by staying out to sea.

He had, in fact, miscalculated the time by two hours but his error caused palpitations among those both ahead and astern who suddenly wondered, as they clipped the Isle of Wight shore, whether he had discovered something that they had missed.

The error probably cost *Karena* the race but in spite of this she with *Borsalino III* and *Antilla* wrested the Edward Heath Trophy for the Channel Islands from seven French teams who appeared to have the trophy in their grasp after the first two races of this relatively new series for teams of three yachts in Classes III and IV.

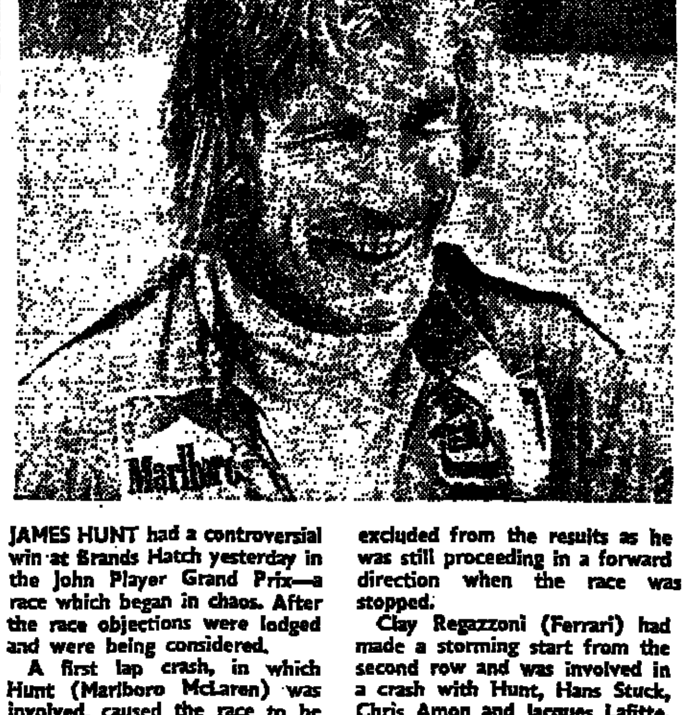
Once at the Shambles light-vessel, off Weymouth, the chase southwards was on, with *Perseverance* leading *Morning Cloud and* the Royal Navy entry *Dasher*, a Nicholson 55 whose crew of petty officers first sailed the yacht last Tuesday, astern. *Dasher*, skippered by round-the-world race veteran Commander Bruno Brown, who co-ordinated his crew both quickly and well produced a performance that was among the most creditable of the 202 yachts that started the race.

Once across the Channel, with the wind freshening from astern, the race became almost professional though there were *some gaps in the wind in mid-*Channel that cost those that found them dearly as the leaders passed Guernsey and the Minquiers Bank early on Saturday and sped to the finish off Dinard.

The Cowes to Dinard race is almost as traditional as the biannual thrash to the Fastnet Rock as while the French yacht Revolution took the Class II trophy it was a refreshing change that British yachts took the majority of overall honours that really count and that the Channel Islands collected the Edward Heath Cup.

Even in the smaller classes, V to VIII, where France normally thrives, they were beaten by the British yacht *Genie*, one of the smallest yachts in the fleet over a shorter course direct from Cowes westwards to Britanny. With the British *guard ship, HMS Glasserton,* showing the flag and marking the finish the Cowes to Dinard race was really a good moment for British yachting.

ALEC BEILBY



JAMES HUNT had a controversial win at Brands Hatch yesterday in the John Player Grand Prix—a race which began in chaos. After the race objections were lodged and were being considered.

A first lap crash, in which Hunt (Marlboro McLaren) was involved, caused the race to be stopped because stones were scattered on the track. An official decision appeared to exclude him from the restart—but Hunt started anyway and finished well ahead of championship leader Nikki Lauda (Ferrari) with Jody Scheckter third.

It was not until near the finish of the race that it was stated that Hunt would not be excluded from the results as he was still proceeding in a forward direction when the race was stopped.

Clay Regazzoni (Ferrari) had made a storming start from the second row and was involved in a crash with Hunt, Hans Stuck, Chris Amon and Jacques Lafitte. The cars of Regazzoni, Hunt and Laffite were so badly damaged that they had to switch to their teams' spare cars. While arguments were still raging the Marlboro McLaren team repaired his damaged car and pushed it back on to the grid.

BRIAN AGER

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
1M	1S	Victory 4pc 1976‡‡	98⅝	26.1	4.04	—
14J	14D	Treasury 10½pc 1976‡‡	99 13/16	10.5	10.51	10.52
10S	10M	Treasury 6¾pc 1977‡‡	97 1/16	2.2	6.42	10.62
15S	15M	Electric 3pc '74-77	96½	9.2	3.11	8.57
26M	26S	Treasury 11½pc '77‡‡	100⅜	18.2	11.46	11.05
15M	15N	Treasury 3pc '77‡‡	94½	8.4	3.17	7.41
20J	20D	Transport 4pc '72-77	94⅞	14.5	4.22	7.87
15S	15M	Treasury 9pc 1978‡‡	96 13/16	6.2	9.30	11.12
14J	14Ju	Treasury 10½pc '78‡‡	99 1/16	7.6	10.59	10.96
26M	26S	Exchequer 5pc '76-78‡‡	92⅛	18.2	5.43	9.02
9S	9M	Treasury 11½pc '79‡‡	99⅞	2.2	11.51	11.52
17M	17S	Treasury 3pc '79‡‡	87⅝	9.2	3.42	7.45
26M	26S	Electric 4¼pc '74-79	88⅜	18.2	4.81	8.47
1M	1N	Treasury 10½pc '79‡‡	96⅞	25.3	10.84	11.63
15M	15N	Electric 3½pc '76-79	87⅜	8.4	4.01	7.88
3S	3M	Treasury 9pc 1980‡‡	92 9/16	26.1	9.72	11.53
14N	14M	Treasury 9½pc '80‡‡	93 1/16	7.4	10.21	11.78
15D	15J	Treasury 3½pc '77-80	85⅝	10.5	4.08	7.75
15D	15J	Funding 5¼pc '78-80‡‡	88¼	10.5	5.95	8.86
15J	15Ja	Treasury 11½pc 1981‡‡	99 3/16xd	8.6	11.60	11.75
15A	15F	Treasury 3½pc 1979-81	84xd	9.7	4.17	7.72
1O	1A	Treasury 9¾pc 1981‡‡●	92 1/32	—	10.59	12.00
Five to Fifteen Years						
15J	15Ja	Treasury 8½pc '80-82‡‡	87⅞xd	8.6	9.68	11.56
17S	17M	Treasury 12pc 1983‡‡	102⅓	9.2	12.21	12.36
15J	15Ja	Funding 5½pc '82-84‡‡	76⅝xd	8.6	7.18	10.02
10J	10Ju	Treasury 8½pc '84-86‡‡	81⅞	3.6	10.41	11.65
1N	1M	Funding 6½pc '85-87‡‡	70	25.3	9.48	11.69
26J	26Ja	Treasury 7¾pc '85-88‡‡	72¼xd	21.6	10.70	12.29
1J	1Ju	Transport 3pc '78-88	48⅞	25.5	6.16	10.70
15A	15O	Treasury 5pc '86-89	55½	9.3	9.22	11.98
15J	15Ja	Treasury 13pc 1990‡‡	95⅝xd	8.6	13.61	13.73
15D	15J	Treasury 8¼ '87-90‡‡	70⅓	10.5	11.85	13.03
5O	5A	Funding 5¾pc '87-91‡‡	55¾	1.3	10.63	12.71
Over Fifteen Years						
22J	22Ja	Treasury 12¾pc '92‡‡	92½xd	15.6	13.77	13.92
14J	14Ju	Treasury 12½pc '93‡‡	90⅓	7.6	13.86	14.02
15M	15S	Funding 6pc 1993‡‡	53⅝	9.2	11.64	13.18
17M	17N	Treasury 9pc '94‡‡	70⅛	12.4	13.12	13.71
1N	1M	Gas 3pc '90-95	33¼	25.3	9.06	12.08
15M	15N	Treasury 12¾pc '95‡‡	93⅛	8.4	14.03	14.12
15S	15M	Treasury 9pc '92-96‡‡	70½	9.2	13.35	13.86
15M	15N	Exchequer 13¼pc '96‡‡●	95¾	—	14.11	14.18
[illegible]						

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 41½% (based on $1.7750 per £)

Conversion factor 0.7066 (0.6901)

CANADIANS

Dividends Paid	Stock	£	Last xd	Div. Gross	C'vr	Y'ld Gr's
Ma.S.J.D.	Bk. Montreal $2	12⅞	2° 4	$1.00	—	4.4
F.My.Au.N	Bk. Nova Scot. $2	33 1/16	22.6	$1.60	—	2.8
A.Jy.O.Ja.	Bell Canada 25c	39½xd	14.6	$3.44	—	4.9
May Nov	Bow Valley‖	19½	10.5	10c	—	0.3
O.JaApJy.	Brascan‖	830p	24.6	s$1.00	—	2.2
F.MyAuN	Can. Imp Bk. $2	20½	22.6	$1.28	—	3.5
July Jan.	Can. Pacific $5	15 9/16	8.6	84½c	—	3.1
July Jan.	Do 4pc Deb £100	28	17.2	4%	—	14.3
J.Ap.Jy.O.	Gulf Oil Can.‖	24¼	24.5	$1.00	—	2.3
Ap.Jy.O.Ja.	Hawker Sid Can‖	490p	21.6	56c	—	4.2
F.MyAuN.	Hollinger $5	31⅝	26.4	$1.60	—	3.3
Apr. Oct.	Hudson's Bay‖	15 7/16	22.3	60c	—	2.2
Jan. July	Hud.B.Oil G $2½	32½	24.6	$1.40	—	2.4
Mr.Je.S.D.	Imperial Oil‖	20	26.5	80c	—	2.3
Mr. Je. S. D.	Inco	29	28.4	$1.40	—	2.8
F.My.Au.N.	Int. Nat. Gas $1	770p	26.4	80c	—	5.9
Mr.Je.S D.	Massey Ferg.‖	24	11.5	$1.00	—	2.4
June Dec.	Pacific Pet $1	24½	1.6	80c	—	1.9
—	Place Gas $1	31p	—	—	—	—
June Dec	Rio Algom	29¼	4.6	$1.00	—	1.9
M.Je.S.D.	Royal Bk Can $2	22 9/16	22.4	$1.28	—	3.3
SeDeMrJu	Seagram Co C$1	20 7/16	24.5	80c	—	2.2
F.MyAuN.	Tor Dom Bk $1	14⅞	29.6	70c	—	2.7
J.Ap.Jy.O.	Trans. Can. Pipe 33½c	990p	24.6	88c	—	0.1
Mar. Sept.	White Pass	735p	15.3	♦35c	—	2.7

S.E. List Premium 41⅛% (based on $1.7280 per £)

BANKS AND HIRE PURCHASE

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Aug.	Mar.	Alexanders D. £1	210xd	12.7	11.67	—	8.5	—
May	Aug.	Algemene Fl.100	£90	12.8	Q21%	♦	4.2	♦
Oct.	June	Allen Harvey £1	370	8.3	25.0	—	10.4	—
Dec.	June	Allied Irish	98	17.5	Q6.89	—	7.0	—
[illegible]								

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Contin

[illegible]

INDUSTRIALS (Mi

[illegible]

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MINES—Continued

FAR WEST RAND

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Feb. Aug.	Blyvoor 25	360	28.6	Q75c	ϕ	18.0
Feb. Aug.	Buffels R1	700	14.6	Q125c	ϕ	16.6
—	Deelkraal R0.20	100	—	—	—	—
Feb. Aug.	Doornfontein R1	240	28.6	Q55c	ϕ	29.7
Aug. Feb.	East Drie R1	560	28.6	Q75c	1.7	8.7
—	Elandsrand Gld. 20c	165	—	—	—	—
Feb. Aug.	Elsburg R1	85	28.6	‡Q33c	1.0	25.4
Feb. Aug.	Hartebeest R1	950	28.6	Q190c	ϕ	14.7
Feb. Aug.	Kloof Gold R1	355	28.6	Q47c	ϕ	10.0
Feb. Aug.	Libanon R1	320	28.6	Q80c	ϕ	22.2
—	Southvaal 50c	400	29.12	Q8c	1.3	1.3
Aug. Feb.	Stilfontein 50c	145	14.6	‡Q36c	2.2	11.6
Aug. Feb.	Vaal Reefs 50c	£11¼	28.6	‡Q175c	2.1	10.0
Feb. Aug.	Venterspost R1	122	28.6	‡Q70c	1.9	37.1
Feb. Aug.	W. Drie R1	£15½	28.6	Q335c	ϕ	20.2
Dec. Aug.	Western Areas R1	125	28.6	‡Q52c	1.4	26.9
Feb. Aug.	Western Deep R2	650	28.6	‡Q147c	1.6	14.0
Feb. Aug.	Zandpan R1	180	28.6	Q31½c	ϕ	12.8

O.F.S.

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Sept.	Free State Dev 50c	90	26.1	Q14c	1.6	10.1
May Nov.	F.S. Geduld 50c	£10¼	22.3	‡Q338c	1.3	20.8
November	F.S. Saaiplaas R1	125	22.9	26c	0	3.1
May Oct.	Harmony 50c	520	22.3	Q65c	ϕ	15.6
Nov.	Loraine R1	71	22.9	Q6c	0.5	5.5
May Nov.	Pres. Brand 50c	£10¼	22.3	‡Q250c	1.3	15.7
May Nov.	Pres. Steyn 50c	600	22.3	‡Q125c	2.2	13.5
May Nov.	St. Helena R1	925	5.4	‡Q250c	1.2	17.5
—	Unisel	92	—	—	—	—
May Nov.	Welkom 50c	190	22.3	‡Q55c	1.7	18.7
May Nov.	W. Holdings 50c	£24	22.3	‡Q475c	1.2	22.0

FINANCE

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Ang. Am. Coal 50c	465	8.3	‡Q38c	2.8	5.3
May Nov.	Ang. Amer. 10c	245	22.3	Q33c	1.9	8.7
Mar. Aug.	Ang. Am. Gold R1	£15⅞	12.7	‡Q260c	1.3	10.7
Feb. Aug.	Ang-Vaal 50c	£11	12.12	Q105c	ϕ	2.9
Apr. July	Charter Cons.	146	14.6	6.76	2.4	7.1
Nov. July	Cons. Gold Fields	156	5.4	g7.37	4.3	7.3
Feb. Aug.	East Rand Con. 10p	15	22.3	1.0	ϕ	10.3
Mar. Sept.	Geduld Inv. R1	240	9.2	Q40c	1.5	10.8
Oct. May	Gen. Mining R2	£16	22.3	Q210c	2.1	8.5
May Sept.	Gold Fields S.A. 25c	£13½	23.2	Q225c	1.3	10.8
Jan. Oct.	Jo'burg Cons. R2	£17¾	26.1	Q165c	2.5	6.0
Aug. Feb.	Middle Wit 25c	315	28.6	Q35c	ϕ	5.8
Mar. Oct.	Minorco $BD1.40	233	8.9	‡Q14c	—	3.9
May Sept.	New Wit 50c	90	23.2	Q20c	1.6	14.4
—	Patino NV Fls.5	£11¾	—	QC40c	10.5	1.1
July Dec.	Rand Selection 50c	460	28.6	‡Q75c	1.5	10.6
Jan. July	Selection Trust	460	28.6	15.2	1.5	5.1
Aug. Mar.	Sentrust 10c	160	28.6	Q30c	ϕ	12.1
Dec. July	Silvermines 2½p	59	22.9	3.0	ϕ	8.0
May Nov.	SW Africa 30p	175	5.4	†17.87	2.0	15.7
July Jan.	T'vaal Cons. Ld. R1	£10¼	1.6	Q65c	2.0	2.1
Mar. Sept.	U.C. Invest R1	190	9.2	Q35c	1.0	11.2
May Nov.	Union Corpn. 6.25c	260	22.3	Q42c	1.4	10.4
Sept. Mar.	Vogels 2½c	83	23.2	Q6½c	1.2	5.1

DIAMOND AND PLATINUM

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Nov. May	Anglo-Am. Inv. 50c	£21	9.2	Q244c	1.6	7.8
Dec. Sept.	Bishopsgate Plt. 10c	106	14.6	Q6.5c	ϕ	4.9
May Nov.	De Beers Df. 5c	208	22.3	Q29c	2.2	8.7
Jan. Aug.	Do. 40pc Pf. R5	£9½	1.6	Q200c	ϕ	13.6
Nov. May	Lydenburg 12½c	100	20.4	†Q2.9c	1.5	1.9
Nov. May	Pot. Plats 2½c	150	20.4	ϕ†Q5c	1.0	2.2
Nov. May	Union Plat. 10c	146	20.4	†Q4.96c	1.0	2.2
May Nov.	Waterval 5c	150	28.4	ϕ†Q5.2c	1.0	2.2

CENTRAL AFRICAN

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
November	Coronation 25c	80	3.5	‡Q34c	2.1	27.5
November	Falcon Rh. 50c	90	22.3	‡Q35c	1.3	—
March	Rhod'n Corp. 16⅔p	11	8.3	0.56	6.0	7.8
J. M.Ju. O.	Roan Cons. K4	160	12.74	‡Q16.0	4.7	‡
Jan. July	Tanganyika 50p	164	14.6	Q10.0	ϕ	6.1
Aug. July	Do. Pref. 80p	68	30.6	Q9	18.0	11.1
Nov. June	Wankie Col. Rh. 1	30	5.4	†Q6½c	1.3	10.0
Au. N. Ag.	Zam. Cpr. $BD0.24	31	11.74	QUS4c	3.2	6.6

AUSTRALIAN

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Acmex 25c	29	—	—	—	—
Apr. Oct.	A. M. and S. 50c	244	16.9	Q7c	ϕ	1.9
Nov. Apr.	Bougainville 50c	165	8.9	Q10c	ϕ	3.9
Nov. June	BH South 50c	255	9.74	—	—	—
—	G M. Kalgoorlie $1	35	6.67	—	—	—
September	Hampton Areas 5p	82	23.7	1.3	ϕ	2.5
—	Metals Ex. 50c	78	—	—	—	—
—	Metramar 25c	17	—	—	—	—
Nov. June	M.I.M. Hldgs. 50c	274	9.2	‡Q10c	1.8	‡
May Sept.	Mount Lyell 25c	90	—	‡Q5c	2.4	‡
—	Newmetal 10c	2½	—	—	—	—
June Nov.	North B. Hill $1	202	3.5	Q9c	1.4	2.9
—	Nth. Kalgurli	5	—	—	—	—
June Nov.	Oakbridge $A1	100	23.9	tQ8c	1.3	5.2
—	Pacific Copper 25c	34	—	—	—	—
—	Pancont'l 25c	£15¼	—	—	—	—
—	Paringa M&Ex.5p	14	—	—	—	—
Apr. Oct.	Peko-Wallsend 50c	610	30.9	Q15c	ϕ	1.6
—	Poseidon 50c	290	38.6	—	—	—
—	Vultan Min. 50c	10	—	—	—	—
—	Westmex 10c	7	—	—	—	—
Oct. May	Westn. Mining 50c	195	5.4	‡Q6.9c	0.8	‡
—	Whim Creek 20c	65	—	—	—	—

TINS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
September	Amal. Nigeria	40	9.2	5.62	1.6	21.6
Apr. Oct.	Ayer Hitam	270	8.3	†13.0	1.8	7.4
June Oct.	Berah Tin	27xd	12.7	1.75	ϕ	10.0
Jan. July	Berjuntai SM25	390	12.12	QSM1.5	ϕ	7.8
Apr. July	Ex Lands 10p	13	28.6	1.0	ϕ	11.8
Apr. Oct.	Geevor	265	8.9	‡12	2.3	‡
Nov. May	Gold & Base 12½p	9	18.74	—	—	—
June Dec.	Gopeng Cons.	250	3.5	‡11.0	1.3	‡
—	Hongkong	75	11.67	—	—	—
Sept. Mar.	Idris 10p	67	3.5	7.15	1.5	16.4
—	Jantar 12½p	7	4.67	—	—	—
Dec. Apr.	Kamunting 15p	39	20.10	‡7.0	1.2	‡
July Dec.	Killinghall	250	12.12	Q50.0	1.2	20.0
Apr. Dec.	London Tin 20p	182	3.5	ϕ7.47	1.3	6.3
Dec. June	Malay Dredging	203	3.5	10.7	2.0	8.1
June Dec.	♦Pahang	27‡	22.9	‡Q62.6	ϕ	‡
July Jan.	Pengkalen 10p	47	3.5	‡7.0	1.5	‡
—	Petaling SM1	128	2.71	—	—	—
Jan. July	Saint Piran	46	11.8	1.25	2.5	4.3
Apr. Nov.	South Kinta (10p)	75	26.1	‡9.5	1.5	‡
June Dec.	Sthn. Malayan	177	3.5	10.7	0.9	9.3
July Dec.	Sungei Besi 20p	43	2.6	—	—	—
Mar. Oct.	Sungei Way $M1	38	9.74	ZQ10	—	4.6
Sept. July	Tanjong 15p	47	1.6	4.0	0.9	15.2
Sept. Mar.	Tongkah Hrbr $M1	44	31.1	‡Q23%	0.6	‡
Apr. Oct.	Tronoh	105	8.3	4.29	2.0	6.3

COPPER

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Botswana RST R2	60	—	—	—	—
June Dec.	Messina R0.50	250	1.6	†Q35c	1.9	9.1

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Burma Mines 17½p	8½	19.5	0.1	ϕ	2.0
—	Charterhall 5p	28	3.67	—	—	—
Aug. Feb.	Cons. Murch. 10c	830	28.6	†Q80c	1.8	6.2
—	Laurasia	36	—	—	—	—
July	Northgate C$1	355	27.3	—	—	—
Jan. June	R.T.Z.	219	3.5	5.42	2.1	3.8
—	Sabina Inds. C$1	103	—	—	—	—
—	Tara Exptn. $1	£14¼	—	—	—	—
Nov. July	Tehidy Minerals 10p	90	14.6	2.17	ϕ	3.7
—	Yukon Cons. C$1	141	11.65	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution: bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1975. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

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FINANCIAL TIMES
Monday July 19 1976

U.S. loan ban threat angers Italians

BY DOMINICK J. COYLE — ROME, July 18.

ITALIAN POLITICAL parties have reacted sharply and with unusual unanimity to the reported remarks in Washington by West German Chancellor Helmut Schmidt that a political condition for any new international aid package for Italy would be the exclusion of Communists from the Cabinet here.

The Christian Democrats, Communists and Socialists are at one in labelling Chancellor Schmidt's comments "blackmail" and "an intolerable invasion of our rights."

The Communists in particular want to know what Sig. Aldo Moro, the caretaker Italian Prime Minister, *was doing at the seven-nation* Puerto Rico economic summit last month when, according to Herr Schmidt, the U.S., Britain, France and West Germany discussed the Italian situation in some detail and agreed to set a "no Communists" political condition to any major international loan package.

Not ignorant

L'Unità, the Communist Party daily, suggests to-day that Sig. Moro and his Foreign Minister, Sig. Mariano Rumor, were not as ignorant about the reported four-nation agreement as Herr Schmidt suggested.

The real "crime" for many Italians *is not* that political conditions might attach to loan assistance, but that Herr Schmidt should say so openly, thus leaving the Italian parties with little option but to react strongly, at least in public.

There is the additional embarrassment for Italy and the Christian Democrats that, having insisted successfully on being invited to the Puerto Rico Summit, they should now be seen as being there in a lesser category than the rest.

But the original $2bn. gold-backed Bundesbank loan to Italy is due for repayment in September, and the Italians in present circumstances will no doubt wish to see it rolled over for a further period. Bonn, on the other hand, might prefer to see it subsumed in a new international aid package for Italy.

Sections of the Press here to-day have speculated that Herr Schmidt's remarks might complicate further the delicate task of Sig. Giulio Andreotti, Prime Minister-designate, in forming a Government.

No one, least of all Sig. Andreotti, believes obtaining some measure of Communist support for a Christian Democrat Government and programme *will be easy in any* event. But on balance it is likely Herr Schmidt's intervention will have no significant influences either way.

Sig. Andreotti had talks with Communist leaders at the week-end, as indeed he had with all main political parties save the neo-Fascist MIS, and is expected *to start a second round of these* discussions on Wednesday.

He is preparing a "draft" of his proposed legislative programme for submission to the other parties, including the Communists. Its final shape could be determined to some measure at least by talks he is to have tomorrow with the trade unions.

● **Adrian Dicks writes from Bonn:** There was no official reaction here to-day to the storm raised in Italy by Herr Schmidt's remarks. The Government spokesman, Herr Klaus Boelling, is in the U.S. with the Chancellor, but members of his office here said they would need to study the full text of the television interview before making comment.

No communication has yet been made to Bonn by the Italian Government. The Italians will be able to raise the issue to-morrow at the European Community Foreign Ministers' meeting in Brussels, where Herr Hans-Dietrich Genscher, West German Foreign Minister, will be present.

U.S. Editor Jurek Martin writes: U.S. Administration officials essentially confirmed Herr Schmidt's report. They modified it to a degree by revealing *that the Summit had accepted* a formula by Dr. Kissinger, U.S. Secretary of State. This would preclude Italy from receiving financial assistance if the Communists assumed only sub-Cabinet level posts in a Cabinet, or were assigned certain senior Parliamentary responsibilities. It would also allow the Christian Democrats to negotiate with the Communists on key matters, particularly on the economic front.

Swift rebuke

● **Rupert Cornwell reports from Paris:** Herr Schmidt's statement has drawn a swift rebuke from the French Left and is unlikely to please President Giscard d'Estaing overmuch.

No official comment was forthcoming this week-end from either the Elysée Palace or the Foreign Ministry. But a leading French Communist, M. Roland Leroy, Editor of the party's daily, l'Humanite, has branded the remark an inadmissible interference in Italian affairs, and sarcastically attacked M. Giscard d'Estaing for tamely allowing the Bonn Chancellor to speak in the name of France.

● **Philip Rawstorne writes:** British sources maintained yesterday that the Italian political situation had been a background issue at Puerto Rico and that "no hard and fast decisions" were taken on it.

So far as the Government was concerned, the main purpose was to follow up the Rambouillet summit talks, and not debate possible consequences of Communist participation in Italy's Government.

Gold price falls force S. African economic review

BY GRAHAM HATTON — JOHANNESBURG, July 18.

FACED WITH sliding foreign reserves and a weakening gold price, South African Treasury and Reserve Bank officials in Pretoria have begun a comprehensive review of South Africa's *balance of payments strategy.*

Senator Owen Horwood, The Minister of Finance, has not ruled out further protective measures, although he has insisted that there should be no further devaluation of the rand.

Every drop of $10 in the gold price accelerates the depletion of South Africa's foreign reserves by at least R4m. a week. If to adverse capital movements caused by heightened anticipation of devaluation are included, the total acceleration could be even greater.

Yet another $10 off the gold price, it is being said, might be more than the present exchange rate could stand.

Securities funds, used by non-residents to buy and sell securities on the Johannesburg stock exchange, are already trading at a discount of around 35 cents, despite recent rights issues in Johannesburg which should be increasing demand. The discount was less than 5 per cent. last October.

Generator

Gold's weakening price, meanwhile, is biting deeply into the mining industry's profits. Working costs are steadily outstripping revenue, as costs of production continue to rise while the price of gold falls. Nine mines are losing money and one is reported to have suspended operations.

Last year gold mines received R18m. through the State assistance scheme, compared with R1m. in 1974. The figure will be considerably higher this year.

The industry's crucial role as a generator of growth is highlighted by the fact that it bought R800m. worth of stores and equipment from South Africa's industries and earned R2.5bn. in foreign exchange against only R800m. in 1970. It financed the foreign exchange required for 38 per cent. of South Africa's imports.

This year, working costs are not increasing at the same rate, mainly due to more conservative wage increases for white and black workers. They are nevertheless expected to be between 15 per cent. and 20 per cent. higher than last year.

The gold price, on the other hand, has fallen by more than 15 per cent. since the beginning of the year, putting a quarter of the country's Gold producers *in trouble. Should it continue to* slide and costs go on rising, some 40 per cent. of producers could slip into the red.

Inflation

Another sharp devaluation could immediately restore the mining industry's profits by bringing in more rands for every *$100 it earns through sales of* the yellow metal.

So far, however, Pretoria has insisted that the present exchange rate is the appropriate one, and that the country's problems over balance of payments and inflation ought to be fought with fiscal and monetary policies alone.

Stewart Dalby writes: Police used tear gas to break up student demonstrations at the black university of Fort Hare to-day.

University authorities then closed the campus indefinitely and told the 1,700 students to go home.

Meanwhile, with South Africa bracing itself for possible further riots on Tuesday because of the Government's refusal to reopen schools in Soweto, the largest black african town in the Republic, evidence emerged over the week-end of deep concern and division among the ruling Nationalists.

In a speech at Goudini in the Cape, Dr. Andries Treurnicht, the Deputy Minister of Bantu Development and Education, said it "would be the beginning of the end" if blacks in urban areas were to be accommodated within the white political system.

THE LEX COLUMN

Slicing the cak at Hambro Lif

The development of Hambro Life (the offer for sale was discussed here on Saturday) represents one of the City's more remarkable money making operations. The initial capital of around £1m. injected five years ago has been transformed into a projected market capitalisation of £42.3m. at the issue price; the total value is £47m. including new shares. Moreover the wealth is being spread very widely.

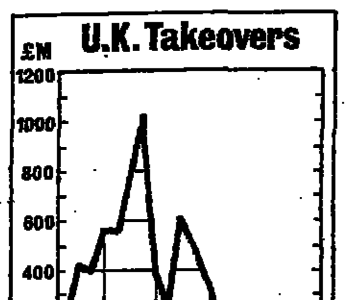
Hambros Ltd. is, of course, the major beneficiary. Its remaining 43.8 per cent. stake is worth £20.6m. at 235p a share, while it is receiving £2.7m. for shares sold in the offer. It is a curious fact that Hambro Life is being valued at a higher figure than Hambros itself, which has a current market capitalisation of £43m. This has risen £7m. or so since the issue became known to be imminent a few weeks ago. There will be no direct impact on its balance sheet, for Hambro Life will still be included at a book value (of under £1m.). But the market value included in the notes to the accounts should much more than offset the £9m. shortfall (at last March 31) of the market values of other quoted associates against book worth.

The main individual shareholders are, of course, Mr. Mark Weinberg and his original team of executives from Abbey Life days. They will continue to hold some 16 per cent. of the equity. But in addition some very substantial incentive schemes have been set up to benefit salesmen (who are self-employed) and employees. Such individuals last week became entitled to shares now valued at £1.7m., and further distributions will involve more than 1m. shares.

The course of the share price after the quotation is granted may be influenced by whether or not the salesmen decide to take quick profits. And although another (smaller) incentive scheme has now been set up *Hambro Life will find it difficult* to offer its salesmen as much of a carrot as in the past. But the incentive effect of the original scheme will remain at least until the final share distribution is made in 1978.

A final category of shareholders consists of funds and individuals within the Hambro group. Discretionary funds, for instance, *hold about 1m. shares* and various directors of Hambro companies (other than Hambro Life) are shown in the prospectus as holding in aggregate over 50,000 shares. How these interests came to be acquired ahead of the flotation, and the price paid, is not disclosed.

It turns out that there have been several private placements of Hambro Life shares by the executive directors—the most recent being last March when the feasibility of the flotation this summer was still in some doubt, and there was nervousness about capital gains tax changes. It was an arms length transaction at a price—according to one source—of the equivalent of 150p or so. But the question may fairly be asked why Hambros itself did not take the oportunity to increase its stake.



Takeovers

With £350m. worth of bids in progress (more than three times the January level) parallels could be drawn between the current surge in activity and the 1972 buying spree which saw £3bn. worth of takeovers. The latter bonanza followed the 1972 *bull market peak by six months* and a similar scenario could be painted this time round.

It would be dangerous, however, to draw too close a paral-

lel. The curr differs noticeal 1972 which fed euphoria to a g of all there is r money" arou half of 1972 s £1.8bn., 56 pe were financed and 28 per cer and loan stock cash is much n In the first qua financed roughl takeovers. Lo featured and t to have contin bid for Artagen offer and ove weeks similar made for Odex and R. and G. C while Pilkingt Optical is a s equity deal.

The second most of the d obvious sense t an aggressive was often view corporate viril Life wanted A free itself from ing arrangeme ton's bid for U clear case of tion.

A revival in dence seems th ation for the activity. Duri takeovers have abnormally lo year's total of than a third in the late 196 no account of corporate liqu ability definite companies n money at the the earnings 500-share inde 13.97 per cent less than 6 height of th boom; many c valued at mu asset value.

There is alw takeover activi companies sta sure of geting However, the mission is mu traint than in

Money supply increase held in check in last three months

BY MICHAEL BLANDEN

THE MONEY supply has continued to grow at relatively modest rates over the past few months, in line with the official aim of keeping its expansion down as a contribution to countering inflation.

Over the past three months, the money stock on the wider definition (M3) has increased at an annual rate of not much more than 10 per cent. The money stock on the narrower basis (M1), which has shown some sharp short-term fluctuations recently, fell last month for the second time in succession.

The implied official aim has *been to hold expansion of the* money supply at levels consistent with the growth of money national income or below. It is not yet known whether a more specific indication may be given with the expected statement on Government spending cuts later this month.

The restraint of the money supply has been helped in the past few months by the effect of the support operations for sterling. Official support purchases of sterling have the effect of reducing the central Government's need to borrow from the domestic banking system.

The month covered by the latest figures, to June 16, included the periods of pressure on the pound before the announcement of the $5.3bn. standby credit and the support thought to have been given after that news. The central Government borrowing requirement was largely financed by receipts from external transactions and by sales of gild-edged stocks to the general public.

CHANGES IN THE MONEY SUPPLY

Seasonally adjusted monthly changes, £m. and per cent.

1975	M1	% change	M3	% change
June 18	−37	−0.2	94	0.3
July 16	326	2.2	252	0.7
Aug. 20	376	2.4	604	1.6
Sept. 17	230	1.5	206	0.5
Oct. 15	73	0.5	462	1.2
Nov. 19	7	—	−238	−0.6
Dec. 10	233	1.4	−22	—
1976				
Jan. 21	−48	−0.3	430	1.1
Feb. 18	620	3.8	573	1.5
Mar. 17	140	0.8	172	0.4
Apr. 21	340	2.0	529	1.3
May 19	−16	−0.1	248	0.6
June 16	−166	−1.0	206	0.5

Sterling lending to the public sector as a whole fell by £136m., or by about £300m. after seasonal adjustment. Within this, lending to the central Government fell by £41m.

At the same time, the Bank of England figures confirm a large rise in bank lending to the private sector, and the Bank adds its weight to the view that there are now real signs of a recovery in lending to finance increased working capital as the economy picks up.

Total bank lending to the private sector in sterling rose by £44m. in the four-week period. But after seasonal adjustment this turns into a rise of some £240m. And over the past three months there has been an increase of over £800m.

The money stock on the wider definition (M3) rose by £269m. in the month, or £206m. after seasonal adjustment. This made an increase of some 2½ per cent., seasonally adjusted, in the past three months.

M1 showed an increase of £78m., but after seasonal adjustment this was equivalent to a fall of £166m., or 1 per cent., and the increase over the latest three months is down to only about 1 per cent.

Government faces strong retirement demands

THE GOVERNMENT will face strong demands from the Labour Party Conference this autumn for the early reduction of the retirement age to 60.

The high level of unemployment and the vigorous lead given by the National Union of Mineworkers has stimulated the tabling of nearly 30 resolutions on retirement for debate at the Blackpool conference.

The NUM, whose general secretary, Mr. Lawrence Daly, at the week-end reasserted the union's claim for an immediate move to earlier retirement, is supported by two other unions—the Post Office engineers and the textile workers.

Another 24 resolutions on the issue have been submitted by constituency Labour parties from all parts of the country. Many of them stress that a reduction in the retirement age would help alleviate unemployment, particularly among school-leavers.

The resolutions, published yesterday, show overwhelming support for the agreement on incomes policy between the Government and the TUC but general concern about the level of unemployment

Some blunt criticism is aimed at the left-wing dominated National Executive Committee of the party by the electricians' union for its failure to follow the *lead given by the Government* and the TUC in uniting the movement and the country.

But Mr. James Callaghan, who will be attending his first party conference as Prime Minister, will have to contend with strong opposition to the Government's proposed public spending cuts and to such policy decisions as the postponement of the child benefit scheme.

A score of local parties, several of them in areas with large immigrant communities, call on the Government to combat the threat through increased urban aid programmes, further legislation to curb incitement and general action to ease the unemployment and housing situation.

The Labour Party itself is urged to campaign to resolve racial tensions.

Ennals urges doctors to abide by pay policy

By Our Labour Correspondent

AN APPEAL to junior hospital doctors to abide by the Government's pay policy and defer their demands for improved holiday pay until next year, was made yesterday by Mr. David Ennals, the Social Services Secretary.

Speaking on BBC Radio's "World this Weekend," Mr. Ennals said that doctors had fared better under pay policy than most other groups. He accepted that they worked hard and that they should get their aim of average pay and not basic money when on leave.

But the real question was not whether in principle this should be done, but whether this could possibly be done during this year of pay policy, he stressed.

Urging junior doctors' leaders, who have been agitating for resumption of the doctors' damaging overtime ban to support their demand, to put the *issue to their Review Body next* year, Mr. Ennals said:

"They should not challenge us on the pay policy because they know how important it is for the *economy* that the policy should stick," he added.

Mr. Ennals' plea coincided with news that one of the four junior doctors chief negotiators is to quit the National Health Service to work in industry.

Dr. Peter Zacharias, a 30-year-old registrar from the Wirral, said yesterday he was joining Shell as an industrial medical officer because the NHS was declining and would continue to get worse unless there was a radical change in thinking. He saw no prospect of any such reform.

SE may canvass members on options market plan

BY MARGARET REID

DESPATCH of a prospectus to canvass the willingness of Stock Exchange firms to back a new market in traded share options by participating in it financially may well be the upshot of to-morrow's consideration of the controversial project by the Exchange's Council.

The Council will have before it the report of its advisory committee which has been probing the feasibility of setting up an options market within the framework of the Exchange's existing membership. This would be an alternative to the *original proposal for a separate* market, on the model of the Chicago Board Options Exchange in the United States, with participants from outside the Exchange.

The committee found that it would be practicable to run an options market within the ambit of the present Exchange, without outside participants.

It also rather favours housing the new market in a walled-off area of the present Stock Exchange floor, rather than placing it elsewhere.

Although the Stock Exchange Council has accepted the principle of starting a traded options market in some form, the project is still controversial. Some members believing there is no need for it, or disliking the cost of up to £1m. The circulation, *probably in September, of a* prospectus inviting only those firms which wished to participate to back the venture financially by subscribing for "seats" would establish whether there was enough support

Talks on Tyndale report

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE CONTROLLING Labour group of the Inner London Education Authority met last night to consider what action to take on the report of Mr. Robin Auld, QC, on the William Tyndale junior school in Islington.

The Labour group's decision will determine the outcome of the ILEA's schools sub committee's discussion of the Tyndale question, scheduled for Wednesday. But no firm information was available from the Labour meeting last night.

Although the three-year-old trouble at the school was ostensibly a dispute between seven of the school's eight full-time teachers and its managers (who were also meeting last night), Mr. Auld's report blames virtually everyone involved, including ILEA officers and Mr. Harvey Hinds, the elected chairman of the schools sub-committee.

As a result, the outcome could well include Mr. Hinds's resignation as well as the formal dismissal of the teachers and managers and the amalgamation of the junior school with the infant school on the same site.

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Weather

U.K. TO-DAY

RAIN. Brighter later.

London, S.E. and E. England, E. Anglia, Midlands
Dry, cloudy at first, sunny spells developing. Max. 26C (79F).

Channel Is., S.W. and N.W. England, Wales, Lakes, I. of Man, S.W. Scotland
Cloudy, occasional rain. Max. 18C-20C (64F-68F).

Cent. North and N.E. England
Bright intervals, rain later. Max. 20C (68F).

Borders, Edinburgh, Dundee and Aberdeen areas
Cloudy, occasional rain, dry later. Max. 18C (64F).

Moray Firth areas, Highlands, Argyll, N. Ireland, N.E. and N.W. Scotland, Orkney, Shetland
Outbreaks of rain, brighter, but showers later. Max. 15C-17C (59F-63F).

Outlook: Outbreaks of rain, sunny periods.

Lighting-up: London 21.37, Manchester 21.56, Glasgow 22.17, Belfast 22.17.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amsterdm	F	23	73	Manchster	F	21	70
Athens	S	29	84	Melbourne	R	12	54
Barcelona	S	28	82	Milan	S	31	88
Belfast	C	19	66	Montreal	C	20	68
Belgrade	S	30	86	Moscow	F	21	70
Berlin	S	29	84	Munich	S	29	84
Birm'ham	F	22	72	Newcastle	F	21	70
Bristol	F	22	72	New York	S	25	77
Brussels	C	23	73	Oslo	S	26	79
Budapest	S	28	82	Paris	C	23	73
B. Aires	S	18	64	Perth	S	18	64
Cairo	S	28	82	Prague	S	28	82
Cardiff	C	21	70	Reykjavik	S	13	55
Cologne	F	23	73	Rio de J'o	S	24	75
Copenhagn	S	26	79	Rome	S	31	88
Dublin	C	17	63	Singapore	S	29	84
Edinburgh	C	20	68	Stockholm	S	29	84
Frankfurt	S	28	82	Strasbourg	F	27	81
Geneva	S	24	75	Sydney	F	16	61
Glasgow	C	18	64	Tehran	S	33	91
Helsinki	F	17	63	Tel Aviv	S	28	82
Hong Kong	S	33	91	Tokyo	S	28	82
Jo'burg	C	17	63	Toronto	S	23	73
Lisbon	S	31	88	Vienna	S	28	82
London	S	23	73	Warsaw	F	27	81
Luxembg	F	20	68	Zurich	S	24	75
Madrid	F	30	86				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	21	70	Jersey	S	18	64
Algiers	S	28	82	Las Palmas	S	24	75
Biarritz	C	19	66	Locarno	S	26	79
Blackpool	C	18	64	Majorca	S	29	84
Bordeaux	C	21	70	Malaga	S	27	81
Boulogne	C	19	66	Malta	S	29	84
Cape Tn.	C	17	63	Nairobi	S	22	72
Corfu	S	29	84	Naples	S	28	82
Dubrovnk	S	28	82	Nice	S	24	75
Faro	S	22	72	Oporto	S	22	72
Florence	S	28	82	Rhodes	S	29	84
Funchal	S	22	72	Salzburg	S	24	75
Gibraltar	S	22	72	Tangier	S	22	72
Guernsey	C	17	63	Tenerife	S	24	75
Innsbruck	S	28	82	Tunis	S	30	86
Inverness	C	18	64	Valencia	S	28	82
Istanbul	S	28	82	Venice	S	29	84

S—Sunny. R—Rain. F—Fair. C—Cloudy. T—Thunderstorms.

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